EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No. 30,931 | Weekend August 26/August 27 1989 | D 8523A

WORLD NEWS

Peace talks on Cambodia deteriorating

The international peace conference on Cambodia, which opened in Paris a month ago, appears to be heading for failure.

Delegates say that positions have hardened over the last three weeks. Agreed wording has been disputed and there has been no progress in bridging the positions of the two Cambodian camps. Page 22; Angola peace talks, Page 2

Radiation rules rethink

The Government may amend its guidelines for protecting hospital patients receiving radiation treatment, after an error which may have led to six women being given incorrect doses at a Southampton hospital. The local health authority described the error as not serious.

Have-a-go man killed

A 24-year-old man was stabbed to death as he fought a raider who tried to snatch £300 from a south Kensington, London supermarket. Another man was stabbed in the leg as he struggled with the raider, who ran off empty-handed.

Belfast 'lifers' let out

More than 140 convicts serving life sentences were released from two Belfast jails for the weekend. The men, including some killers, have all served at least 13 years.

Hong Kong visit on

The Prince and Princess of Wales are to go ahead with their trip to Hong Kong in November. They will visit Indonesia instead of China. Page 2

Warning over conman

Police warned motorists not to pick up hitch-hikers as they continued their nationwide search for a dangerous conman wanted in connection with a North Yorkshire murder and the discovery of a woman's body in the Scottish Highlands.

Piper Alpha pay-out

Occidental Oil is to pay nearly £4m to relatives of eight victims of the Piper Alpha oil platform disaster which killed 167 men last November. The money is part of a £100m compensation package of which about a third has been paid so far.

Lebanese warning

The pro-Iranian Hizbollah militants in Lebanon said they would fight back if France intervened in the fighting there. France has assembled a fleet of five warships in the eastern Mediterranean.

New listeria incident

An 88-year-old Aberdeen woman died of listeria poisoning after eating NISA margarine, which is being withdrawn from supermarket shelves.

Poland appeals for aid

Poland's new prime minister, Tadeusz Mazowiecki, appealed for rapid aid from the US to help solve his country's economic problems.

$65m to fight drug war

The US will provide about $65m (£41m) in military aid to Colombia to assist in the Bogota Government's battle against drug producers and traffickers. Page 2

Colombian cocaine barons threatened to kill 10 judges for each suspected drug trafficker extradited to the US.

Woman in Japan cabinet

Japan's ruling party appointed a woman, Mayumi Moriyama, to replace a top cabinet minister who resigned because of a sexual liaison.

Snake ploy backfires

A video distributor's gimmick to promote a voodoo horror film by sending hundreds of live Chinese rat snakes to video shops was attacked by the RSPCA as cruel and irresponsible, after the organisation was inundated with calls from shocked shop owners.

BUSINESS SUMMARY

GM to take 26% stake in Avis Europe

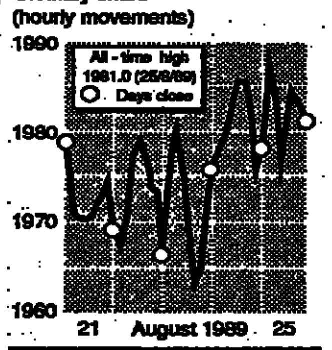
GENERAL MOTORS is to take a 26.5 per cent stake in Avis Europe, Europe's largest car hire company, as part of an £896m agreed bid.

The takeover is a step towards a re-unification of Avis Europe with its US namesake, which floated it on the London stock market in 1986. GM has a similar stake in Avis Inc, Avis Europe's former US parent, which is participating in the offer. Page 22 and Lex

WALL STREET built on Thursday's surge which vaulted the Dow Jones Industrial Average to a record high. By mid-session it had added a 7.2 points to 2,741.84. The Wall Street rise helped lift market indices in Australia and many European markets to new peaks.

FT Index

Ordinary share (hourly movements)



The London market tried hard to follow Wall Street but was thwarted by profit-taking from institutions nervous of the present high levels. The FT Ordinary climbed 3.1 points to finish the week at 1,981.0, 2 points above last Friday's close after a week in which had brought the second-largest monthly UK trade deficit. Page 22 and Lex; World Stock Markets, page 13; London Stock Market, Page 15; Weekend, Page II

BARING BROTHERS, merchant bank, failed to obtain sufficient support from institutions for an alternative reconstruction plan for BAT Industries, tobacco-based UK conglomerate subject of a £13.5bn bid from the Hoylake consortium. Page 22

JEREMY MARSHALL resigned as chief executive of BAA, the former British Airports Authority. BAA said Mr Marshall had resigned "with immediate effect to pursue business interests elsewhere." Page 4

BARLOW CLOWES: The liquidators have recovered nearly £65m of the £168m invested in Barlow Clowes and expect to add £25m-£35m. Many of the 18,000 investors are unhappy with the method of distributing the money. Some will receive almost nothing and others will recover a large proportion of their investment. Page 3

ENGINEERING sales in the UK have continued to improve on last year's levels, according to the Central Statistical Office. In the second quarter sales were up 3 per cent on the previous quarter, and up 6.5 per cent on the corresponding quarter last year. Page 4

MAN, West German engineering group, said it intended to ask the Economics Ministry in Bonn to overturn the federal cartel office's rejection of its proposed purchase of the diesel engine activities of Sulzer of Switzerland. Page 10

FOKKER, Dutch aerospace group, revealed a surge in first-half earnings to Fl 14m (£4.05m) from Fl 4.35m a year earlier on record demand for new aircraft. Page 10

TOYOTA MOTOR, Japan's largest vehicle maker, reported a 9.2 per cent rise to Y569.86bn (£2.59bn) in pre-tax profit for the year to June, after a significant rise in domestic sales of high-priced vehicles. Page 10

ZURICH GROUP, property and motor dealing company, said its accountants and lawyers were investigating losses at Ecobric Holdings, demolition company, Zurich acquired to join the USM in 1988. Page 8

MARKETS

STERLING
New York lunchtime: $1.57
London: $1.572 (1.57)
DM3.07 (3.075)
FFr10.3525 (10.3775)
SFr2.6475 (2.65)
Y225.25 (225)
£ index 91.3 (same)

GOLD
New York: Comex Dec $367.0
London: $359.75 (362.25)

N SEA OIL (Argus)
Brent 15-day Sep $16.95 (17.075)

Chief price changes yesterday, Page 22

DOLLAR
New York lunchtime: DM1.9575
FFr6.596
SFr1.6875
Y143.45
London: DM1.9535 (1.9585)
FFr6.585 (6.61)
SFr1.6835 (1.6885)
Y71.4 (71.5)
$ index 71.4 (71.5)
Tokyo close: 143.53

US LUNCHTIME RATES
Fed Funds 9%
3-mo Treasury Bills: yield: 8.21%
Long Bond: 99 3/32
yield: 8.14%

STOCK INDICES
FT-SE 100: 2,397.4 (+4.3)
FT Ordinary: 1,981.0 (+3.1)
FT-A All Share: 1,212.11 (+0.1%)
FT-A long gilt yield index high coupon: 9.38 (same)
New York lunchtime: DJ Ind. Av. 2,741.84 (+7.2)
Tokyo: Nikkei 34,739.93 (-46.62)

LONDON MONEY
3-month interbank: closing 13 13/16 - 7/8 (13 13/16)

Serious Fraud Office takes over probe into Eagle Trust

By Philip Coggan and Richard Tomkins

THE SERIOUS Fraud Office has taken control of the investigation into Eagle Trust, the troubled UK industrial holding company, and will be asking the West Midlands Police to assist in its inquiries.

The Department of Trade and Industry is understood to have passed responsibility for the investigation to the SFO, which only becomes involved in cases of alleged serious or complex fraud. The board of Eagle Trust asked the DTI to investigate its affairs on August 17, in particular a sum of about £13.5m which could not be traced by its auditors.

The monies are believed to have been originally intended for investment in Laforza, an automotive manufacturer and distributor in which Eagle Trust had a 50 per cent stake.

Among the companies likely to be questioned by the SFO is Ryco, a Jersey-based trust, which kept a detailed breakdown of Eagle's funding of Laforza. A number of companies with the same address as Ryco were shareholders in, or had business links with, Eagle Trust.

Eagle Trust, formed via a three-way merger in 1987, grew rapidly before the stock market crash via a series of acquisitions. However, an investment in Connect (later renamed Eagle Express), a parcel distribution company, proved disastrous. The parcel company went into liquidation last month with net debts of £33m. Eagle Trust has had three separate chairmen and three sets of financial advisers over the past year as its difficulties have mounted.

It emerged yesterday that administrators trying to clear up the affairs of Paramount Airways, the charter airline until recently controlled by Mr John Ferriday, Eagle's former chairman, and Mr Richard Smith, Eagle's managing director, had been unable to trace funds amounting to several million pounds.

Mr Roger Powdrill, one of the administrators and an insolvency partner of accountants Spicer & Oppenheim, said: "We haven't got the complete picture yet, but there are certainly funds unaccounted for." The SFO is also looking at the affairs of Paramount.

Paramount had to be handed over to the administrators earlier this month when debts of more than £8m brought it to the brink of collapse. The crisis emerged shortly after Mr Ferriday and Mr Smith had agreed to sell a controlling interest in the airline to Mr Mario Berry, a private investor.

The administrators believe they will be able to clarify Paramount's financial position in the next week or two. The next step will be to sell the company, but one obstacle to a sale could be uncertainty over Paramount's ownership. It is not yet clear whether Mr Berry will try to claim ownership of the controlling interest which he agreed to buy, but which reverted to Mr Ferriday and Mr Smith when the deal collapsed.

The former finance director of Eagle Trust, Mr Martin Baker, said at his Birmingham home that he had been surprised to hear of Eagle's request for the DTI to examine the company's financial affairs.

He did not, however, wish to offer an explanation of the whereabouts of the £13.5m which the Eagle board says is missing. "I think to be honest I am better leaving this alone because there are a number of conflicting issues, and I don't particularly wish to say anything that is going to cause problems for anyone," he said.

Mr Sidney Samuelson, a non-executive director of Eagle, has issued writs for libel against the Sun and Daily Star newspapers because of articles linking him with the missing

Continued on Page 22

Japanese PM gives top post to woman

By Ian Rodger in Tokyo

MR TOSHIKI KAIFU, Japan's Prime Minister, yesterday tried to regain political ground by appointing a woman, Mrs Mayumi Moriyama, as chief cabinet secretary following the resignation of Mr Tokuo Yamashita, who had admitted to an affair with a bar hostess.

The appointment of a woman to one of the most sensitive and high profile posts in the Government is unprecedented and can be expected to cause a stir in Japan's strongly male-oriented society.

Mrs Moriyama, the 61-year-old Environment Minister, is a former labour ministry official long associated with efforts to improve the status of women in Japan. She was one of two women appointed to the cabinet when Mr Kaifu formed his Government two weeks ago.

As chief cabinet secretary, she becomes government spokeswoman and will play a highly public role in the ruling Liberal Democratic Party's attempts to regain support in the run-up to the general election expected at the end of the year.

Mr Kaifu apparently thought Mrs Moriyama's appointment would help the scandal-rocked LDP to win back credibility among women voters.

Like Mr Yamashita, Mrs Moriyama belongs to the same LDP faction as Mr Kaifu. She is the widow of another member of that faction, and has been elected twice to the upper house of the Diet. She conceded that she was "confused and nervous" following her appointment, but kept a sense of humour. "At least there is no possibility I will cause a scandal with a woman," she told reporters.

LDP leaders, who tried on Thursday to prevent Mr Yamashita from resigning, concluded that it would be better to get rid of the taint of scandal quickly and convince voters that the party was committed to cleaning up political life.

Mr Kaifu said Mr Yamashita's resignation was regrettable, but "he apparently thought it would be in the best interests of the cabinet, and I accepted it."

Mr Yamashita said at a press conference that he had decided to resign because it would not be appropriate for him to stay at a time when a summit meeting between Mr Kaifu and US President George Bush and an extraordinary Diet session to discuss political reform were so close at hand.

Voyager finishes 4½bn mile tour

By Clive Cookson, Technology Editor

THE VETERAN Voyager 2 spacecraft completed its 4.4bn mile tour of the solar system in triumph yesterday. It flew 3,000 miles above the swirling clouds of Neptune – the sun's outermost planet – and then passed within 24,000 miles of its pink and blue moon, Triton.

Scientists at mission headquarters in California were thrilled by the wealth of new information about the giant planet and its attendant rings and moons.

The Neptune fly-past concludes a glorious chapter of planetary exploration that was planned during the 1960s and early 1970s, before Nasa became bogged down in the costly and frustrating Space Shuttle programme.

Yesterday's rendezvous with Neptune – at 5am UK time – came within four minutes and 20 miles of schedule, 12 years after Voyager's launch from Cape Canaveral.

But mission controllers had to wait four hours for the confirmatory radio signals to travel back to Earth at the speed of light.

Scientists have learned more about Neptune over the past 24 hours than they had in the previous 143 years since the planet's discovery.

Yesterday they were debating excitedly the prospect of "rewriting all the textbooks about the solar system" in the light of Voyager's findings, although it will take several months to process all the pictures and scientific information.

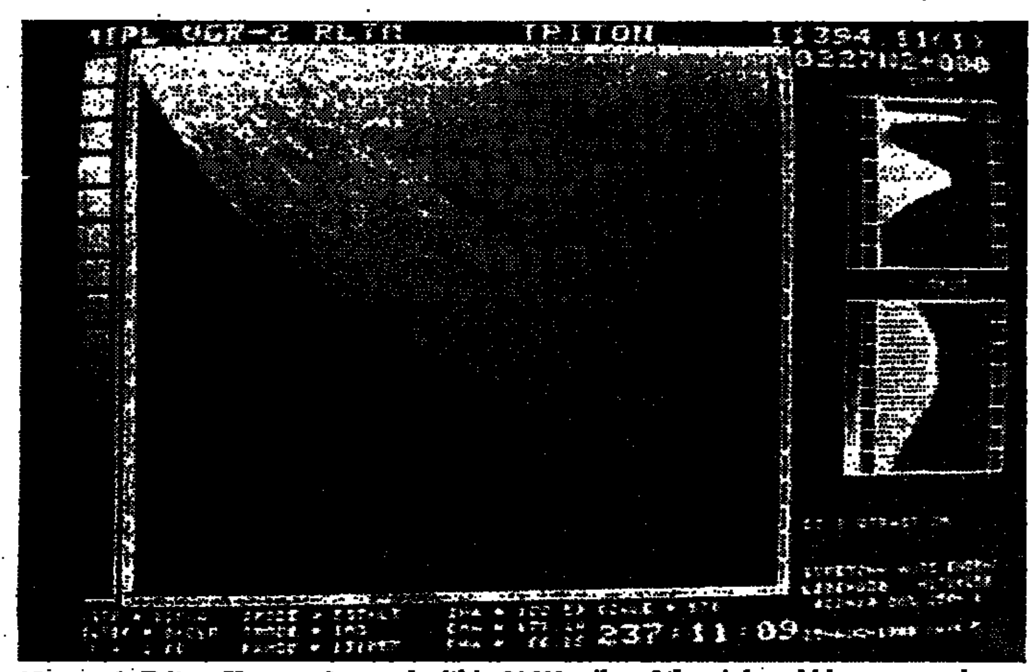
Then it could take several more years to explain them in terms of a new theory of the planets.

The immediate highlights of the encounter include:

● *Neptune's turbulent atmosphere.* From the most powerful telescopes on Earth, the planet is a fuzzy blue-green blob, but Voyager has discovered gigantic storms and hurricanes, including one larger than the Earth.

Neptune's 400 mph winds and the vivid clouds swirling around the planet at different heights are a remarkable contrast to the disappointingly

Continued on Page 22



Neptune's Triton: Voyager 2 passed within 24,000 miles of the pink and blue moon, whose smooth surface is thought to have glacial ice and swamps, and possibly volcanoes

Universities ranked in league table of research performance

By David Thomas, Education Correspondent

BRITAIN'S universities were preening themselves or nursing bruised egos yesterday after the publication of the most thorough assessment ever of research activities.

The assessment will determine the distribution of about £250m a year of research funds for the next five years by the Universities Funding Council, which is responsible for channelling government money to universities.

Warwick and York emerged as clear stars of the new generation of universities, joining the more predictable names of Cambridge, Oxford and Imperial College, London at the top. Newer universities such as Brunel, Ulster, City and Keele came towards the bottom, as did Salford, which has generated substantial publicity for its links with business.

Surprisingly poor performances were recorded by some universities with a high reputation: only three departments in Birmingham and Durham, and only one in Exeter, were given the top grade.

The non-English universities also fared badly: only Edinburgh featured highly.

There were some surprises within universities. Cambridge's economics department was one of the minority of Cambridge faculties not to receive the top grade. It was outclassed by the economics faculties at London's Birkbeck College, the London School of Economics, Essex, Oxford, Southampton, Warwick and York.

Although the exercise did not look at teaching quality, it is likely to be taken as a guide to the quality of departments, since almost no other independent information is published on universities' performance.

The funding council graded every department in every UK university on a five-point scale. The top grade, 5, signifies research of international excellence in some areas and of national excellence in almost all others. The bottom grade, 1, points to almost no work of national excellence.

The gradings follow an exercise costing more than £4m in which panels of distinguished academics considered mountains of evidence, mainly relating to published work, on the research performance.

The universities will feel the impact of the gradings on their budgets in October 1990. However, a council official said yesterday the impact on individual departments will come sooner: "They have as much importance for reputations as they do for the central grant."

Excuses were being polished yesterday. Salford said the exercise ignored commercially confident research undertaken for companies or Government departments, while a senior economics don at Cambridge said a study by the Royal Economics Society had already demonstrated big flaws in the assessment.

The funding council is planning to increase from about 40 per cent to just over 50 per cent the share of its annual £500m research budget which is distributed on the basis of these gradings.

University research rankings, Page 4; Teaching the Chinese way, Page 7.

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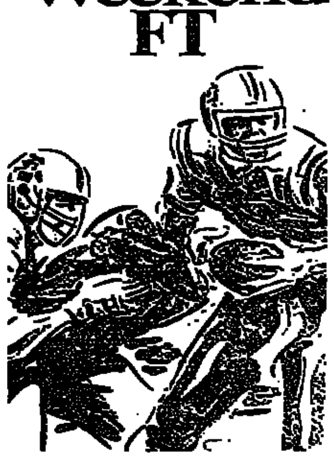
Weekend FT



ORDER OF THE BOOT

Scandals are rocking the famous University of Oklahoma football team. A star player has been arrested on a drugs charge, another was shot during an argument with a team-mate, and the coach has resigned. Lionel Barber reports at the start of what looks like a stormy season for the 'Sooners'

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Lucia van der Post explains how to make your house secure

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Bush cautious on aid for Poland

By Peter Riddell, US Editor in Washington

THE US is moving very cautiously in considering whether to increase aid for Poland following the election of the first non-communist prime minister for 45 years, but some additional help is likely.

Mrs Elizabeth Dole, the US Labour Secretary, and her husband Senator Robert Dole, the Republican Minority leader, offered no new commitments when they met Mr Tadeusz Mazowiecki, the new Polish Prime Minister, yesterday in Warsaw.

Similarly, President George Bush and his senior advisers have been cautious about promising anything beyond the $169m industrial, environmental and food aid announced at the time of his visit to Poland seven weeks ago.

There have, however, been reports in Washington that State Department officials are pressing for a more generous response. They argue that the original package was promised in reaction to reform initiatives by a Communist government but now changes had gone much further with the appointment of a Solidarity Prime Minister.

Mrs Dole said the US was looking for ways in which existing money could be reallocated to Poland, but she was cautious about offering new aid.

Senator Dole said he would be carrying a message for President Bush from Mr Mazowiecki. Mr Dole said the Polish leader's words were: "He who helps early, helps twice. In other words, it is very important now to keep up the momentum and let the Polish people see some change".

The caution of the Bush Administration reflects the rapid pace of change in Poland, the president's preference for measured rather than hasty decision-making and the absence of many key officials on holiday.

Mr Brent Scowcroft, the president's national security adviser, reiterated on television this week the Administration's desire to stick with its step-by-step approach of responding gradually to change in Poland and ensuring that aid assists reforms rather than reinforces existing structures.

The Administration is cautious about making new large-scale commitments partly because of domestic budgetary constraints but also because of an acceptance that Europe will take the lead. This has the incidental advantage of not antagonising the Soviet Union.

Nevertheless, some expansion in US direct help is likely along with further encouragement for private sector involvement, including US and other Western banking operations and support for farming.

The US is also backing an early decision by the World Bank on $325m in loans for Poland, and is pushing for progress in the talks on the rescheduling of its $39bn in official debts by the Paris Club of creditor nations.

Talks with the International Monetary Fund on an economic reform programme are set to resume next month.

Short sharp shock for the economy

Solidarity's US guru looks to the market, **John Lloyd** reports

THE basic economic stance of the future Solidarity-led government of Poland is now being set out by a 34-year-old Harvard professor who specialises in advising Latin American economies plagued with hyper-inflation and huge debt.

His proposals, which would require a sudden shock to be administered to the Polish economy to jolt it into market relations and the level of world prices, were outlined to Solidarity deputies on Thursday evening.

Professor Jeffery Sachs, whose advice to the Bolivian Government in 1985 was credited with bringing down hyper-inflation then raging at 40,000 per cent, is at present on his fourth visit to Poland since the signing of the round-table accords in May.

He was repeatedly invited to assist the previous government of Mr Mieczyslaw Rakowski, but refused because of his belief that no measures could work while Solidarity remained an opposition.

He is now treated as Solidarity's main economic guide. On Wednesday and Thursday of this week, Gazeta Wyborcza, the Solidarity daily, gave his views coverage in the main story on the front page, and Mr Tadeusz Mazowiecki, the new prime minister, was asked at his first press conference if he would abide by Prof Sach's prescriptions.

He has since worked closely with Prof Witold Trzeciakowski, the Solidarity senator who has for some years functioned as the movement's main economic adviser.

Prof Sachs assisted in drawing up the "Trzeciakowski plan" – the proposal for $10bn (£6.2bn)-worth of aid which was submitted to the US Government, only to be apparently cold-shouldered by President Bush during his visit in July.

However, Prof Sachs believes that a Solidarity-led government will receive that amount, mainly from world institutions over the next three years.

"The International Monetary Fund," he says, "is not going to stand in the way of the marketisation of the first socialist state."

He reckons that the IMF will contribute $100m a year to Poland over the next three years.

This will depend on its agreeing on a plan with the government of Mr Mazowiecki of strict monetary and fiscal control and for the rapid introduction of market relations – a plan which Prof Sachs "thinks and hopes" the new government will have the political will to agree and push through.

He says that "up to $5bn" will be available from various world bodies, including a possible $1bn a year over five years from the World Bank, while $600m will be available under the Brady Plan, some Japanese co-financing of World Bank loans and various export credits.

'The IMF is not going to stand in the way of the marketisation of the first socialist state to take this step,' Prof Sachs says

"Ten billion dollars sounds a lot when it's thought of as one lump – but most of this money can be obtained from world bodies without the need for parliamentary approval."

He says that the new government will be able to agree grace periods with the Paris Club, and the commercial banks to which Poland is indebted, for $39bn.

His proposals centre on the belief that only by a sudden, once-for-all liberalisation of prices and the market can the new government succeed in its aims.

"I like to quote something the Bolivian planning minister said to me: "If you are going to cut off a cat's tail, do it all at once."

The measures he has outlined to the Solidarity group include: the sweeping away of all barriers to free trade, the creation of a capital market, at least in embryonic form, the lowering of the present high marginal tax rates, elimination of exchange controls, and unification of the exchange rate.

He says the effect of this programme on the poorer members of society should be mitigated through the tax system, but insists that "the new government should take the shock now: it can deal with the political realities later. It must show it has the will to act.

There is another essential element – that the new government gets international agreement that it does not pay its debts for the immediate future.

In his first conference after his confirmation by parliament as premier, Mr Mazowiecki said that while he agreed that debts should ultimately be honoured, "there are elements of unfairness in the international aspect of Polish debts".

Mazowiecki urged to adopt tough reforms

POLAND'S new government must cut inflation, seek new credits, make budget cuts, abolish subsidies and shut unprofitable factories, according to one of Solidarity's leading economic experts, Reuter reports from Warsaw.

Prof Witold Trzeciakowski, an expert at Poland's Academy of Sciences who advises Solidarity, outlined proposals for Mr Tadeusz Mazowiecki's government in an interview with the union's newspaper Gazeta Wyborcza.

Professor Trzeciakowski also said Prime Minister Mazowiecki should ask the West and the Soviet Union to reschedule Poland's debts. Poland owes $38bn to Western banks and governments and Roubles 6.5bn (£6.5bn) to Moscow.

"The most dangerous of the present negative phenomena is hyper-inflation," he said. "We must proceed with serious budget cuts, abolish subsidies and liquidate unprofitable enterprises."

Solidarity officials acknowledge there are big question marks over whether Poles will accept more sacrifices after food price rises this month of up to 500 per cent.

They also fear resistance to planned reforms — such as the transfer of industries to the private sector — from Communist bureaucrats with a vested interest in centralisation.

Poland should repay its debts, he said, but "efforts should be made so that debts do not strangle the economic development of debtor-countries".

The new government should ask the Paris Club of Western nations, to which Poland owes about $25bn, for a rescheduling of debts over 25 years. Poland should also reach a deal legalising the fact that it has been unable in recent years to pay annual debt interest of $2bn-$3bn.

"We have to negotiate a rescheduling of our repayments of debts to the Soviet Union," he said, without specifying the terms Poland should seek.

He urged a three-year aid programme from the International Monetary Fund amounting to $600m-$700m each year.

De Klerk, Mobutu agree on bid to save Angola peace pact

MR F.W. de Klerk, South Africa's acting president, and Zaire's President Mobutu Sese Seko agreed at a summit meeting yesterday to co-operate in trying to salvage a collapsing peace agreement in Angola, AP reports from Zaire.

Mr De Klerk, on his first diplomatic mission since assuming the presidency on August 15, conferred with President Mobutu for nearly three hours at a resort on the shores of Lake Kivu.

The two men gave no indication of any breakthrough, and the talks were described as "positive, opportune and constructive, particularly at this critical state of developments in Angola". They refused to answer any questions.

An official close to the talks suggested South Africa and Zaire would try to keep the peace process alive by serving as intermediaries between Angola's Marxist government and the Unita rebel movement.

President Mobutu has been heading efforts to negotiate a settlement of Angola's civil war, and South Africa has endorsed his initiative after ending its material support for Unita.

The trip was the latest in a series of forays into black Africa by white South African officials seeking to ease their country's isolation.

● Unita rebels, officially back at war with the Angolan government, said 77 troops and six guerrillas had died in fresh fighting, Reuter reports from Lisbon.

The right-wing guerrilla movement said the battles took place as government soldiers advanced on the southern rebel strongholds of Mavinga and Ratos earlier in the week.

The National Union for the Total Independence of Angola (Unita) said government forces were also being mobilised in Cuanza-Norte Province in the north.

Japan in deal to restore pulp plant on Sakhalin

By Robert Thomson in Tokyo

A JAPANESE consortium has reached initial agreement with the Soviet Union to develop a Y100bn pulp plant on the Soviet Far East island of Sakhalin, in talks that Japanese companies consider have long-term political and commercial significance.

Three Japanese companies, Oji Paper, Mitsui and Mitsubishi, have agreed to redevelop the Poronaisk plant, which, Oji Paper said, has been the subject of negotiations for 15 years.

Oji originally owned the plant, along with five other facilities on Sakhalin, which was under Japanese control until the end of the Second World War, and at least one of the consortium's senior negotiators now in Moscow worked on the island during the war.

However, numerous problems remain before a contract is signed for the project, as Soviet officials would like the plant to be a joint venture, while the Japanese companies involved have said that they would prefer a compensation trade package, with part payment in pulp and wood chips.

Japan's Ministry of International Trade and Industry (Miti) said "many things" must be settled before a final agreement. Japanese companies represented on the Japan-Soviet Business Co-operation Committee are in Moscow for talks with Soviet officials, and the Japanese representatives reportedly said yesterday that a special bilateral committee will be established to focus on the development of the Soviet Far East.

The Japanese have requested that preferential treatment be given to investors in the region.

Prince's visit to HK will go ahead

THE VISIT by the Prince and Princess of Wales to Hong Kong in November will go ahead, Buckingham Palace confirmed yesterday, John Mason reports.

Their visit to China has been cancelled after the massacre in Peking of pro-democracy demonstrators. The Royal couple will instead visit Indonesia before going on to Hong Kong. The tour will take place between November 3 and 10.

Mr Jimmy MacGregor, a member of the Hong Kong legislative council, warned on BBC radio that some Hong Kong groups could use the visit to demonstrate against Britain's lack of movement on the right-to-abode issue.

Air crash kills 54 in Himalayas

An aircraft carrying tourists from Pakistan's mountain resort of Gilgit to Islamabad has crashed, killing all 54 aboard, rescue officials said, Christina Lamb reports from Islamabad.

The Fokker Friendship disappeared yesterday on one of the world's most dangerous routes through the Karakoram and Himalayan ranges.

Initially, the aircraft was thought to have strayed into Indian territory, but air force officers said they had found the remains in the Himalayas. Cause of the crash is unknown.

Cuba's ex-interior minister on trial

A military tribunal in Havana has begun trying former interior minister Gen Jose Abrantes and six other Cuban officers, Cuba's government news-agency Prensa Latina said, AP reports from Mexico City.

The defendants are accused of abusing their power, negligence and improper use of public resources.

Soviet freighter dumps toxic load

A Soviet freighter whose cargo of toxic waste was turned away from Britain has dumped the load at Baie Comeau on the St Lawrence River and returned to sea, AP reports from Baie Comeau.

The freighter Nadezhda Obukhova had returned the 15 steel containers of waste to Canada. Environmentalists had won a court order banning the unloading of the polychlorinated biphenyls, but it was not clear if the freighter's captain knew of the court order.

Mitterrand to visit Britain

President François Mitterrand of France will visit Britain for talks with Mrs Thatcher this Friday, Downing Street announced yesterday. The two leaders last met in Paris last month.

Mr Mitterrand will be accompanied by his Foreign Minister, Mr Roland Dumas, who will have talks with Mr John Major, Britain's Foreign Secretary.

President Chadli aims to delay poll

President Chadli Bendjedid is seeking to postpone Algeria's first multi-party elections since independence, due in December, to allow more time to reorganise local government, Reuter reports from Algiers.

The Algerian news agency APS said President Chadli wanted to reinforce the country's nascent democratic climate. It did not specify a new date.

Indian battalion to quit Sri Lanka

A battalion of Indian soldiers will leave Sri Lanka today in the phased withdrawal of troops sent to enforce a 1987 pact to end a Tamil separatist campaign, military officials said, Reuter reports from Colombo.

Security forces stepped up their crackdown on the leftist People's Liberation Front and detained more than 700 suspected rebels yesterday.

Murdoch's Spanish TV bid fails

By Tom Burns in Madrid

MR Rupert Murdoch's News International failed yesterday to break into the potentially lucrative Spanish commercial television market with the award of 10-year licences to groups headed by France's Canal Plus and Italy's Mr Silvio Berlusconi.

News International had a 25 per cent stake, the maximum permitted for a foreign partner, in Univision, a venture that linked the Sky Channel parent company to Grupo Zeta, a Barcelona-based newspaper group and to a number of Spanish business interests including the domestic oil companies Petromed and Cepsa.

Mr Berlusconi, the Italian media magnate, will be launching his brand of television entertainment on the Spanish public in partnership with Spanish publishers Anaya and with ONCE, the wealthy umbrella organisation for blind people in Spain, in a commercial channel called Tele 5.

Canal Plus will be bringing the French network to Spain in co-operation with PRISA, publishers of the Madrid newspaper El Pais and with the backing of Banco Bilbao Vizcaya and a number of other Spanish financial institutions.

A third commercial television licence was awarded to Antena Tres, an FM radio network which has Barcelona's La Vanguardia newspaper as its major single shareholder and is backed by a number of foreign investors including Dillon Read and Fidelity International.

Three commercial channels were authorised under a television bill two years ago which ended the monopoly of the government-controlled public television.

The new channels must begin broadcasting a minimum of four hours a day in Madrid and in Barcelona before the end of next March. Advertising revenue on the public networks in Spain last year totalled Pta130bn (£670m).

● The government did not, as expected by some, announce a date for elections. Government spokeswoman Ms Rosa Conde said the poll date was the sole responsibility of Mr Felipe Gonzalez, the Prime Minister, and that "he has still not taken a decision".

Mr Gonzalez, whose mandate does not run out until next June, is being urged by senior ministers to hold an autumn election and to subsequently introduce a squeeze to cool *Spain's overheating economy.*

US gives $20m military aid to Colombia

By Peter Riddell, US Editor in Washington

THE US will provide about $20m in military aid to Colombia, including weapons and helicopters, to assist in the Bogota Government's battle against drug producers and traffickers.

No US troops will be sent to Colombia. The package will involve up to eight Bell Huey armed helicopters of the type used in the Vietnam war, as well as automatic weapons and sidearms for Colombian military forces and the police force. Training will be provided.

The announcement follows discussions in Washington this week between Mr Julio Londono, the Colombian Foreign Minister, and Mr Lawrence Eagleburger, the US Deputy Secretary of State.

There has been considerable pressure within the US for greater support for Colombia following the increased violence there in the past 10 days.

Yesterday's package is in addition to the $2.5m in security aid promised earlier this week by the US Justice Department. This is intended to help the Colombian authorities in assisting judges and others threatened by the drug gangs to protect themselves.

Ahead of the formal announcement late yesterday President George Bush said at his holiday home in Kennebunkport in Maine that the US was working to help President Virgilio Barco of Colombia by providing further equipment.

Mr Bush has repeatedly promised US assistance, short of troops, to countries such as Colombia and Bolivia where much of the cocaine and its derivative,crack, are grown for shipment to the US.

Similar equipment, plus US support personnel, were sent to Bolivia by former President Ronald Reagan in July 1986.

President Bush's domestic drugs package will be unveiled in just over 10 days' time to counter what has become a massive social and crime problem in many inner city areas.

Colombian troops examine packages of refined cocaine following a raid on a ranch. The cocaine was later burnt

Australia advertises overseas for pilots

By Chris Sherwell in Sydney

INTERNATIONAL airlines were yesterday given permission to extend their services in Australia as domestic airlines began advertising at home and abroad for pilots to fly their grounded aircraft.

The latest moves in the country's domestic pilots dispute coincided with the start-up of special Royal Australian Air Force flights to help meet demand for seats between Australia's main cities.

At the same time the domestic carriers continued to issue writs against individual pilots and against the Australian Federation of Airline Pilots seeking damages over their action in support of a 29 per cent pay claim.

The 1,600 pilots resigned en masse on Thursday in a bid to pre-empt legal action by the airlines.

Earlier in the week, they refused orders from their employers and the Industrial Relations Commission to end their disruptive 9am to 5pm work schedule and resume normal hours.

The two main carriers, Ansett and Australian Airlines, were due to advertise in today's domestic and foreign newspapers for pilots to fill the vacancies left by the resignations. Employment will be by individual contract.

Grounding a continent, Page 7

South Korean opposition leader is charged

By Maggie Ford in Seoul

MR KIM DAE JUNG, the main South Korean opposition leader, was yesterday indicted for breaking the national security law.

Investigators claim he received $10,000 from Mr Suh Kyung Wan, a former member of his party who made a clandestine visit to North Korea last year.

Mr Kim was charged with failing to report that he knew of the visit to the authorities, and with violating the foreign exchange laws by not registering the alleged payment.

He has denied all the charges and says that neither the security police who questioned him overnight several weeks ago, nor the prosecution has produced any evidence against him.

Mr Suh, who was given access to a lawyer a week ago after a month in detention, said a false confession had been extracted from him after he had been denied sleep for three days. Prosecutors appear to have based their case mainly on Mr Suh's evidence.

Senior members of the Government are reported to be concerned about the wisdom of indicting Mr Kim, who was sentenced to death in a trial held by the previous Government in 1980. The sentence was later commuted after strong protests from Washington.

Lithuanians ponder how far they can push Moscow

James Blitz finds rampant nationalism in Vilnius, but local leaders view the Russian bear with caution

AT THE END of an emotional week in the Baltic republics, one thing is clear: everything hangs on Lithuania. Not just the chances of sovereignty for Lithuania's Baltic neighbours, but for the Soviet Union's southern republics too.

Indeed, one could be forgiven for wondering how whether the future of perestroika itself is about to be decided on the quaint, cobbled streets of the Lithuanian capital, Vilnius. Lithuania's independent Popular Front, Sajudis, is far ahead of any other Soviet independence movement in terms of its influence over the local administration. The movement's wide support among Lithuanians has long been evident, not least when it won 36 out of 42 seats to the Congress of People's Deputies in March.

In Vilnius this week, Sajudis's power seemed overwhelming. The entire city seemed to be protesting against the Molotov-Ribbentrop Pact, which gave *Stalin the green light to* invade the independent Baltic republics. But it was even more extraordinary to discover that every demonstration against the Pact was being faithfully reported on local television.

Once given an opportunity, local nationalism had been able to draw on two potent elements. First the country is the most homogenous of the Baltic states: 80 per cent of its population is ethnically Lithuanian, compared to the 60 per cent of Estonia which is ethnically Estonian.

And secondly, most Lithuanians are Roman Catholic. Church and politics in the republic are at one.

What matters in Lithuanian politics now is not whether Sajudis can get any stronger. It is simply whether the local Communist Party can retain any following if it remains loyal to Moscow.

For the first time, local Communist leaders have been speaking openly about splitting from the Moscow party. They are *contemplating the* split to avoid being crushed by Sajudis in elections to the Lithuanian Supreme Soviet due by next spring.

It is hard, however, to see what the Party can do. Even if the Communists could summon up the will to control local nationalism, they would surely face a titanic task. Most of the Party membership must now be sympathetic to Sajudis.

But if the Lithuanian Communist Party splits from Moscow now, it would be effectively declaring Lithuanian independence.

TO split would be to slap Moscow in the face more seriously than Solidarity has done in Poland. In Warsaw at lease the Kremlin knows it has a functioning Party which looks likely to hold onto key ministries.

How would the Kremlin react if the Lithuanian Party leaves? When Lithuania's Cardinal Sladkevicius called for *total sovereignty in February,* Algirdas Brazauskas, the Party leader, was blunt: this might lead, he said, to "a special form of rule."

And this week, *Vytautas Landsbergis,* the Sajudis leader, was no less pessimistic: "The Soviet mass media," he said, "is paving the way for a coercive step against our plans."

That was uttered before Pravda yesterday printed one of the toughest attacks ever to have appeared in the Soviet media against Sajudis, and more significantly, against the Lithuanian Party itself. G. Ovcharenko, one of the paper's main political observers attacked two of the Lithuanian Central Committee secretaries for criticising the Molotov-Ribbentrop Pact and the Lithuanian Second Secretary, Valeryonas Baltrunas, for suggesting that Moscow needs to outline more carefully its attitude to the outlying republics.

The ball, however, is probably in Sajudis's court. If it can contain its attacks on the local party, the Communists might be able to put off the split with Moscow: "We are working to solve our problems by political *means," said Mr Landsbergis,* this week. "From the practical point of view, our country is governed from Moscow. We think we can defend our people's interests in the Soviet capital."

But the more radical voices in his movement are strong. At a stormy meeting on Wednesday, the Sajudis council forced the leadership to pass a resolution that is a hair's breadth from UDI. And the previous day, a commission of the Lithuanian Supreme Soviet daringly decreed that Lithuania had been invaded against the people's own will in 1940.

Pravda's headline-writer yesterday asked the main question yesterday: "What will happen tomorrow?" That is unclear. What is certainly likely is that Lithuania, and the Soviet state, will have reached a turning-point in this affair before the year is out.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societats-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen. Financial Times, Number One Southwark Bridge, London SE1 9HL.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd. Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

Prince's visit to UK will go ahead

OVERSEAS NEWS

Riot police injure three high school pupils

By Jim Jones in Johannesburg

THREE Cape Town high school pupils were injured yesterday when riot police opened fire with shotguns on a demonstration by students in the coloured township of Mitchells Plain.

The children appear to have taken part in of one of the many demonstrations in the Cape's coloured township during the past month.

According to Mr Vernon Pitt, chairman of the local high schools principals' association, security police moved in on the demonstration firing indiscriminately.

Mr Vernon said he had heard a commotion as police fired tear gas into Cedars Secondary School, adding teachers had been unable to evacuate the children because police were at the school gate.

The demonstration was one of many forming part of the mass democratic movement's defiance campaign in which opposition groups have openly refused to abide by ministerial bannings which cannot be contested in the courts.

Demonstrations were initially confined to the Cape peninsula – the Cape Town area – but have spread to other towns in the western Cape.

Crowds of unarmed demonstrators have set fire to tyres and paraded banners in township streets. Police have reported incidents in which demonstrators have hurled stones at patrols which have, in turn, used gas to disperse the demonstrators.

Earlier this week, Archbishop Desmond Tutu, Cape Town's Anglican prelate, was tear gassed by police after leaving a meeting in which he had apparently persuaded schoolchildren to abandon a march in protest against arrests of their classmates.

Apartheid opponents' spirits revive

Western Cape violence heralds new unrest, Patti Waldmeir writes

IN the 14 schools which educate the children of Mitchell's Plain, near Cape Town, little in the way of formal teaching could be said to be taking place.

Police blame the students, and students blame the police, for the almost daily violence which destroys any pretence of normal education.

Meanwhile, the rest of South Africa wonders whether conflict in this and other Western Cape townships foreshadows another nationwide convulsion of unrest.

For the violence reported from the Western Cape over the past week – much of it from the sandy vastness of Mitchell's Plain, a coloured township outside Cape Town – probably would not have made a single headline at the height of township unrest three years ago.

But in those three years, which saw Pretoria impose a state of emergency involving tough curbs on both the unrest itself and the reporting of it, the world has grown unused to news of violence from South Africa.

The stone-throwing and barricade-burning which had become clichés of unrest in South Africa were no longer a daily feature of the news. Even where violent incidents occurred, they were seldom reported.

Over the past month, though, there has been a marked upsurge in violence coming from both sides of the township divide in the Western Cape. Student demonstrations are an almost daily occurrence, provoked by detentions of student leaders, and by resistance to the segregated elections on September 6, in which whites, coloureds and Indians vote for three separate houses of Parliament.

Police have countered with tear gas and horse whips; and though the security forces had until recently kept a low profile, the past week has seen them beat demonstrators protesting at beach segregation.

The unrest forms a backdrop to the campaign of civil disobedience launched by the anti-apartheid opposition four weeks ago. That campaign – as its organisers tirelessly assert – is based on the principle of non-violent resistance to apartheid.

It has so far involved protests against hospital segregation and against restrictions imposed on groups and individuals under the state of emergency. Up to now, it has been true to its non-violent aims.

But if the so-called defiance campaign suggests a new, more strategic approach to the politics of protest, the unrest in the Western Cape recalls the approach of direct confrontation adopted by anti-apartheid groups before the state of emergency. The aim of this approach was, in the words of the African National Congress, to "make the townships ungovernable".

Given the overwhelming strength of the South African state, it was a tactic doomed to failure. Pretoria brought its full force to bear on township protest organisations, detaining 30,000 people.

Almost all have since been released, but many remain under severe restrictions; and the organisations they represent have in many cases been severely weakened by the arrests.

The sobering experiences of the past three years have led some in the anti-apartheid opposition to question the wisdom of a strategy of mass mobilisation, which so often led to uncontrolled violence.

If the defiance campaign suggests a more strategic approach, the unrest in the Western Cape recalls the direct confrontation adopted before the state of emergency

But young activists in Western Cape townships – many of whom were students in the earlier period of unrest, when schools were again the focus – are adamant that "ungovernability" is still the aim.

Their rhetoric is the rhetoric of war; and they claim to see signs of crisis in the state, although those who are not caught up in their excitement find it difficult to credit such a notion.

The excitement, however, is palpable: whether in township schools or at protest events, the anti-apartheid opposition is clearly recovering its spirits.

As in 1984, the beginning of the last major cycle of unrest, opposition has focused on elections to the tri-cameral parliament, from which blacks are excluded.

In the Western Cape, with its large coloured communities, this has led to especially active protests against elections to the coloured House, which has gained little acceptance from the communities it represents.

But though the parallel with 1984 is obvious, it is far from clear that the next few months will see the same escalation of violence which followed the previous tri-cameral elections.

Protest leaders say they are disciplining activists for unprovoked violence – though they cannot condemn township action outright for fear of alienating the younger and more radical members of their political base. The defiance campaign provides a non-violent outlet for those who choose to take it.

Much depends on how Pretoria responds to the latest challenge from the townships, and to the more sophisticated methods used by the defiance campaign organisers.

Anti-apartheid leaders say they are counting on the international community to ensure the Government avoids brutality, arguing that the key to the defiance campaign is Pretoria's vulnerability to international pressure.

But with the National Party facing its most critical election in 40 years of power, it would be wrong to over-estimate the international community's ability to intervene.

Pretoria would no doubt be loth to jeopardise its attempts at enticing black leaders to negotiate, by cracking down heavily on opposition.

But the Government must have a line beyond which it will not be pushed; and it is difficult to see how it can be in the interests of black leaders to force Pretoria in that direction.

UK NEWS

Anguish in a liquidation lottery

Richard Waters examines how Barlow Clowes investors are faring

THE MACHINERY of the Barlow Clowes liquidation, after churning remorselessly for more than a year, is in the middle of spewing out its product: cheques for some of the 18,000 or so investors left stranded by the collapse of the investment group.

The piecemeal payments are likely to continue for several weeks, after which time nearly £65m of the £188m invested will have been returned.

The liquidation machine will then switch down a gear and its output will diminish. The remaining £25m-£30m that the liquidators expect to recover will dribble out over many months or even years as the remaining assets are tracked down, seized and turned into hard cash.

Inevitably, this painstaking and exhaustive process has proved expensive. Nearly £8m has already been earmarked for costs and the figure will rise. Some of that money, though, will to be returned to investors if the liquidators decide not to sue any of Barlow Clowes' advisers and bankers.

They also have the comfort of knowing that the liquidators cannot pay themselves without court approval.

The figures do not hint at the misery of the people caught up by the collapse. The number of Barlow Clowes investors who have died without seeing any of their money returned to them has risen into the hundreds. Since many of the 18,000 investors are elderly, that is not surprising; none the less, it retains its power to shock.

Considerable anguish has also been caused by the way the money is being shared out. It has become clear in recent weeks that some will get back a substantial proportion of their money, while others may receive virtually nothing. To investors, it seems like an unfair lottery.

The overall picture is as follows. The 7,320 investors in the Barlow Clowes Gilt Managers, the UK fund, have received £34.6m in two instalments – one at the start of the year and one earlier this month.

The 11,000 people whose money went into Barlow Clowes International (BCI) have not yet received a penny. Some 2,000 of them will get back £14m shortly. These are the "late investors" – people who invested after March 1 1988. A further £16m will be returned to BCI investors soon afterwards. That is money that found its way into the UK fund and which the court ordered should be returned to BCI investors.

The court's preferred method for sharing out the money is proving unpopular with many. It had the choice of two broad approaches: dividing whatever money was recovered equally between all investors, recognising only a distinction between the UK and offshore funds; or tracing where individual investors' cash went and returning that to them individually.

It opted for the second method. As a result, some investors will get a large proportion of their money back, while others will get back virtually nothing.

Take the investors whose money was used to buy the yacht Boukephalas. The liquidators have traced where the money used to buy this came from. So the £1.25m from the sale of the yacht will be shared between the investors whose money paid for it. However, they will not get all their money back: the yacht was sold at a loss, and they will also have to bear their part of the liquidators' own costs.

They are in a better position than some others, however – for instance, those whose money can be traced to investments in companies that are now worthless.

This "tracing" exercise is expensive and complex, as well as leaving some investors far better off than others. Few wanted to go down this route, including the liquidators, who last summer favoured the alternative of simply dividing up equally whatever money was recovered.

However, three considerations have led to the decision to trace. First, the court was bound by legal precedents dating back to the last century which established the right of individual creditors to trace their money in this way.

Second, there is a strong case for allowing at least some creditors to trace their money: for instance, someone who invested the day before the collapse, and whose money is easy to locate in a bank account, should surely have a right to get the money back. The difficulty comes with deciding where to draw the line. In BCI, for instance, 2,000 "late" investors have been identified. If it is possible to trace money invested further back than March 1 1988, should it not be attempted?

Finally, advances in the computing power available has made it possible to tackle far more complicated tracing exercises than in the past. An operation on the scale being attempted by the Barlow Clowes liquidators has been possible only in recent years.

"With sophisticated computers and number crunchers, you can trace almost anything if you are willing to spend the time and money," says Mr Antony Gold of Alexander Tatham, the Manchester solicitor acting on behalf of investors. "The liquidators have done their job almost too well."

Mr John Dyer, of the Barlow Clowes Investors Group, adds: "People are finding themselves in a lottery they didn't expect to find themselves in. They're upset at this stage, even before they know where they stand."

Meanwhile, other avenues to recovering money for Barlow Clowes investors may open up this autumn. Within the next two months the Parliamentary Commissioner for Administration – the Ombudsman – is expected to deliver his report on the Department of Trade and Industry's handling of the affair. He may recommend that the Government should pay compensation, although he lacks the power to require that.

Also within the next two months, the liquidators will decide whether to sue any of the accountants, lawyers or bankers implicated in the Barlow Clowes affair. Since early this year, when they set up a task force to investigate the possibility of legal action, evidence has been collected from many people, including those who may eventually be sued.

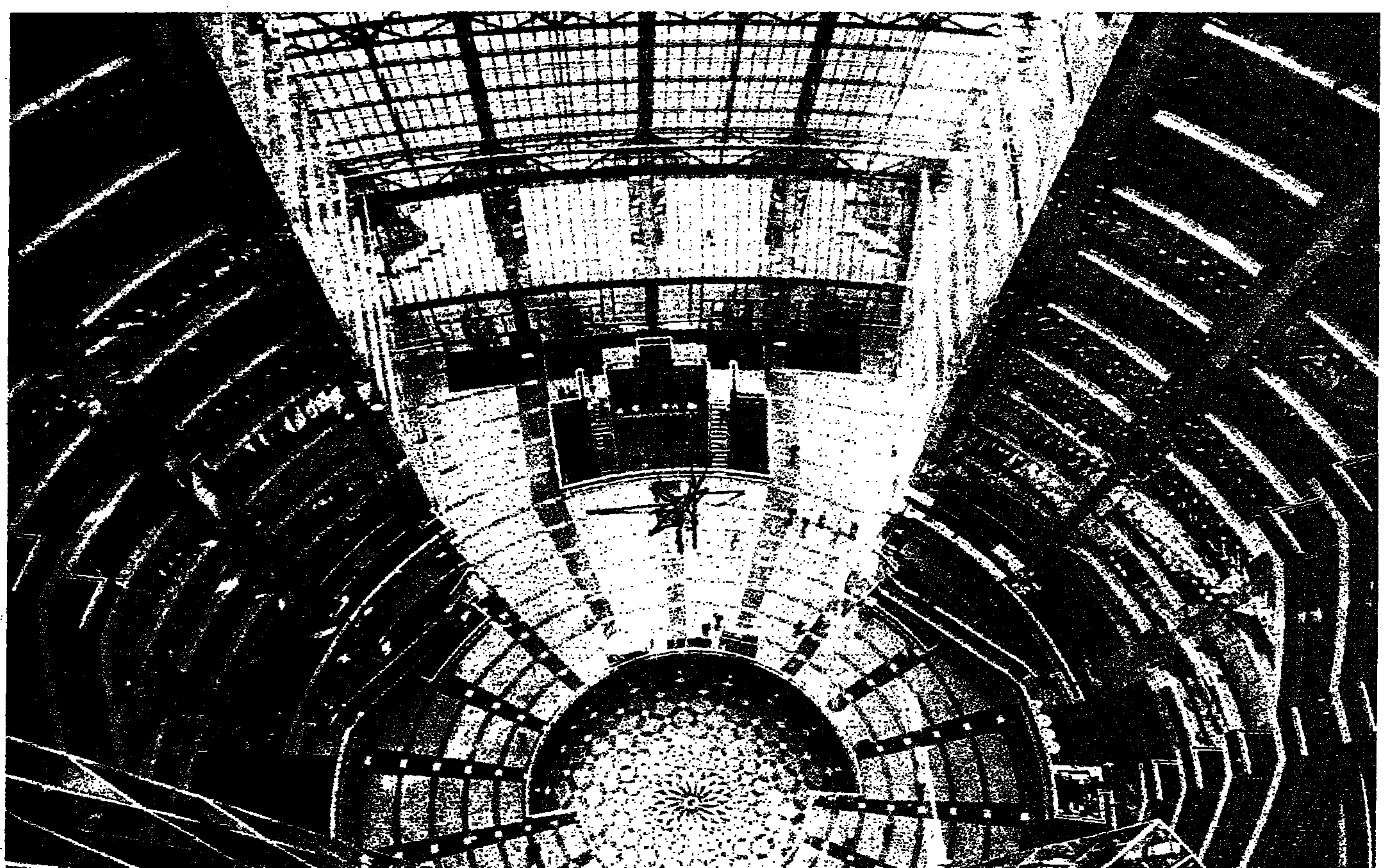
The liquidators are now at the delicate stage of determining whether they have a case – never an easy task in liability cases such as this, where it can be difficult to establish in court to whom the advisers owed a duty of care, let alone whether they failed in their duty.

Their deliberation, and the Ombudsman's report, makes it likely that the Barlow Clowes case will return to the front pages this autumn in a way not seen since the DTI's own report into its role in the affair nearly a year ago. The process of apportioning blame will almost certainly be a messy one.

MONEY RECOVERED SO FAR

	£m
BARLOW CLOWES GILT MANAGERS	
Paid out to investors	34.6
Costs (incl provision for legal action)	3.0
BARLOW CLOWES INTERNATIONAL	
Available to 2,000 "late" investors	14.0
Gilts recovered from BCGM	16.2
Further money held in accounts	1.25
Expected recoveries	24-29
Expected deficiency	70-75

Peter Clowes: the man behind the funds



Fears for Mansion House over Docklands rail link

By Hazel Duffy

CONCERN about damage to the historic Mansion House from rail tunnelling involved in the extension of the Docklands Light Railway has prompted the City of London Corporation to ask Edmund Nuttall, the contractor, for more details of its methods.

The tunnelling is said to be the most difficult ever attempted in London.

It is further complicated by the sensitivity about the Mansion House, which is above Bank station, where the railway will link up with existing Underground tunnels.

City of London engineers have told Nuttall that documents relating to the proposed work were "incomplete."

Maunsell, which advises Nuttall on tunnelling operations, must now elaborate on the way in which work will be carried out on the three remaining pieces of tunnelling.

Work still to be done is on the pedestrian tunnel to connect the railway with the Central Line, the "overrun" tunnel (an end tunnel where trains reverse) and a tunnel to carry the points.

The City Corporation's latest requirement is not expected to hold up the project, however. Earlier complications have already delayed the original completion date by several months.

The first tunnel is now scheduled to open at the end of next year, operating a shuttle service. The second tunnel will be completed by late 1991.

The full service is expected to get under way early in 1992, but the Government will not commit itself to a specific opening date.

Complications and overshooting budgets are fairly common on tunnelling contracts. The troubled Channel tunnel is expected to cost substantially more than planned.

The delays to the railway's Bank extension were caused partly by the discovery that the complex of gas and water mains under the area would need more protection than had been planned.

The extra costs, around £30m, are likely to fall on London Regional Transport. The original contract was costed at £150m and is now expected to top £180m.

Olympia and York, developers of the £3bn Canary Wharf Docklands complex, agreed to pay a £68m share, because the extension into the City is vital to the success of their development. The railway at present terminates at Tower Hill.

But Olympia and York is not expected to increase its share of the cost. Its side of the contract does not relate to the construction of the extension.

Man United owners seek US route to profits

By Paul Cheeseright, *Property Correspondent*

MANCHESTER UNITED, one of the great names in British football, will take on some of the trappings of American football as its new owners seek to generate profits from what they believe is an underutilised asset.

MK Trafford, the Isle of Man company set up by Mr Michael Knighton to buy the club, expects to develop Manchester United as big centre of family entertainment where there is no place for football hooliganism or drunken rowdiness.

Mr Robert Thornton, once chief executive of Debenhams department stores and now the chairman of Betterware, the home furnishings group, and an investor in MK Trafford, yesterday gave the first outline of how Manchester United will develop.

The thinking starts from two points. The first is that British football has not had enough capital invested in it. The second is that, as Mr Thornton put it, "if you were to set up from scratch a business like Manchester United would cost £60m or £70m."

By contrast, Mr Knighton and his associates have an immediate liability of £10m to buy the 50.06 per cent stake of Mr Martin Edwards, the outgoing Manchester United chairman, and the same again if other shareholders accept a £20 a share offer.

Acknowledging that a business the size of Manchester United's needs a higher level of profits to support it, MK Trafford expects the changing shape of football organisation to provide an environment to produce these higher profits.

The new Manchester United is expecting to take its place in a new European super league. This would mean that sponsors would pay more. There would be better catering and ground facilities and more advance bookings. All of this "would bring a vastly different income," Mr Thornton suggested.

In Britain, Glasgow Rangers has been blazing this trail. But a highly commercial approach to leisure is common in the US. Its done with American football and baseball teams, noted Mr Thornton. "One feels the return will be there," he added.

But no money has yet changed hands. Conditional contracts for the MK Trafford purchase of Mr Edwards's stake in Manchester United have been signed but the deal will not be consummated until Robson Rhodes, the accountants, have completed an audit.

What seems to have led to the putative change in ownership was Mr Edwards's desire to pull out. This led to discussions with Mr Knighton who, finding himself with the prospect of a larger deal than he had been accustomed to making, looked around for commercially powerful associates to inject capital into MK Trafford.

This is likely to be significant for future spending at the football club. MK Trafford will seek to finance improvements, at least in part, by borrowing from the institutions. They will want to be impressed by the business experience of MK Trafford's equity investors.

Mr Knighton, a property investor whose commercial background remains elusive, was himself a footballing prodigy in the 1960s.

If he is looking for clues about new style football management then he will have the chance to chat with Mr Robert Maxwell, chairman to chairman, when Manchester United play at Derby County this afternoon.

Murdoch outlines free-market vision of TV

By Raymond Snoddy

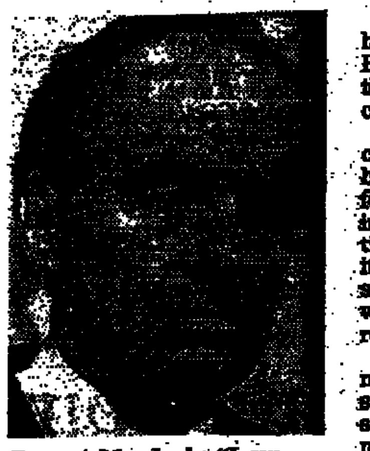
BRITISH TELEVISION is about to come of age by breaking free of its self-imposed duopoly and entering a time of freedom and choice, Mr Rupert Murdoch, publisher, forecast last night.

For 50 years, Mr Murdoch said, British television had operated on the assumption that the people could not be trusted to watch what they wanted to watch.

The chief executive of News International, which launched four channels of satellite television this year, said there was no reason for television to be exempt from the laws of supply and demand, any more than newspapers, books or magazines.

Much of what passed for quality on British television, Mr Murdoch argues, "really is no more than a reflection of the values of the narrow elite which controls it and which has always thought its tastes are synonymous with quality."

He was giving the MacTaggart Lecture, which opened the Edinburgh Television Festival, before many of those responsible for the existing four channels of British television.



Rupert Murdoch: "I am a monopoly destroyer"

They were attacked by Mr Murdoch for serving up a diet of television that was constantly looking backwards and sneering at "the new Britain."

Mr Murdoch complained that "the socially mobile are portrayed as uncaring; businessmen as crooks; moneymaking is to be despised."

As a result, British television has been an integral part of the British disease and hostile to the sort of culture needed to cure that disease.

The creation of as many channels as the market would bear meant a scaled-down role for public-service broadcasting in the future. The BBC in particular, he argued, would find it hard to justify "the compulsory poll tax that finances it," when its charter comes up for renewal in the mid 1990s.

Mr Murdoch, who owns five national newspapers and four satellite television channels, said his role was that of a monopoly destroyer, not a monopolist. Even if Sky Television was in several million homes, it would not dominate the medium.

"For, just as Wapping so lowered the cost of newspaper production as to enable The Independent and others to enter, so Sky has paved the way for non-Sky channels," Mr Murdoch said. As a result, the new decade would start with the possibility of enormous diversity "with monopoly control blown apart by market forces."

He said that multi-channel broadcasting, in the hands of a diversity of owners, would be a bulwark of freedom and the sort of state control that had dogged British television throughout its life and which was incompatible with a mature democracy.

"The government thought-police, in whatever form, whether it is the benign good and the great in Britain, or the jackboot-in-the-night elsewhere, will find it hard to control more and more channels," Mr Murdoch predicted.

The freeing of broadcasting in the UK was part of a democratic revolution that would also bring great economic benefits in an age when wealth creation would depend on the processing of information.

"As British television is transformed by this new multi-channel diversity, I believe that consequent new freedoms will bring forth a television system of choice and quality the like of which has never been seen," said Mr Murdoch.

Abbey National attacked over anomaly on widows' free shares

By David Barchard

MR CHRIS SMITH, a Labour economic spokesman, yesterday attacked Abbey National for denying free shares to widows holding joint accounts with the society.

Mr Smith said it was "unfair" and "heartless" for hundreds of widows who had held joint accounts to be deprived of the allocation of 100 free shares – which members received at the flotation – because their husbands died in the three and a half months between the members' vote on conversion and the stock market flotation.

Abbey National's rules, under which only the first name in a joint account qualified to vote and receive the shares, have been widely criticised. Mr Smith yesterday described the society's practice of automatically placing husbands' names first on the list as "grossly sexist."

The practice resulted in several thousand women being disqualified from voting or receiving free shares because their husbands had died during the year.

Abbey National said it was legally unable to transfer voting or free share rights to the surviving partner.

Other society members who also lost their rights to free shares included those who acted as trustees for other members. They received a vote and free shares for the trustee account but none for their own account.

Mr Smith believes that several hundred widows whose husbands were alive at the time of the vote have been treated particularly unfairly. He is asking the Government to take urgent action to ensure that widows receive their rights.

The Treasury said yesterday, however, that the structure of Abbey National's free share scheme had been a matter for the building society itself and not for the Government or the Building Societies Commission.

Abbey National said it was not in a position to allocate free shares to anyone other than the first-named member in a joint account.

"That was the High Court's ruling in January, and we have no alternative but to abide by it," an official for the company said yesterday.

RESEARCH RANKINGS OF UK UNIVERSITIES

Number of departments with:

	Top score	Bottom score	Average
Cambridge	34	0	4.7
Imperial	13	0	4.6
Oxford	32	0	4.6
UC London	20	0	4.3
Warwick	11	0	4.1
LSE	7	0	4.0
Bristol	10	2	3.8
UMIST	3	0	3.7
York	4	0	3.7
Manchester	3	0	3.6
Essex	5	0	3.4
Sussex	1	2	3.4
Edinburgh	7	5	3.3
Liverpool	5	3	3.3
Southampton	6	2	3.3
Durham	3	3	3.2
Lancaster	3	1	3.2
Nottingham	7	5	3.2
QMC London	1	1	3.2
Sheffield	5	2	3.2
Birmingham	3	4	3.1
East Anglia	2	1	3.1
Leeds	3	6	3.1
Newcastle	2	1	3.1
Birkbeck	2	2	3.0
King's London	6	3	3.0
Surrey	1	0	3.0
Cardiff	2	4	2.9
Exeter	1	1	2.9
Glasgow	3	8	2.9
Reading	1	1	2.9
St Andrew's	1	1	2.9
Aberystwyth	0	1	2.8
Bath	1	1	2.8
Leicester	1	2	2.8
Swansea	1	3	2.8
Aberdeen	1	4	2.7
Kent	2	3	2.7
Aston	1	2	2.6
Loughborough	5	3	2.6
Bangor	2	3	2.5
Dundee	1	7	2.5
Hull	0	1	2.5
Royal Holloway	1	4	2.5
Bradford	0	1	2.4
Strathclyde	2	10	2.4
Belfast	1	11	2.3
Heriot Watt	5	4	2.2
Stirling	0	5	2.2
Brunel	0	4	2.1
Ulster	0	5	2.1
City	0	5	2.0
Keele	0	8	2.0
Salford	0	4	2.0

Source: UFC/FT

THE Universities' Funding Council ranked the research done in every department of all universities on a five-point scale.

The first column shows the number of departments given the top ranking of 5, which means work of international excellence in some areas plus national excellence in all others.

The second column shows the number of departments given the bottom ranking of 1, which means work of national excellence in virtually no areas.

The final column is each university's average ranking across all the departmental groupings, known as "cost centres," used by the Universities' Funding Council to distribute its research money.

BAA chief executive resigns

By Clay Harris

MR JEREMY Marshall abruptly resigned yesterday as chief executive of BAA, the former British Airports Authority.

In a statement issued after the Stock Exchange closed, BAA said Mr Marshall had resigned "with immediate effect to pursue business interests elsewhere."

BAA would not elaborate on the reasons for Mr Marshall's departure apart to say he had left on "agreed terms." Mr Marshall was not at his Cambridgeshire home yesterday evening, where his wife said she could not comment on whether he was moving to a new job.

The departing chief executive would not receive compensation, BAA said, but it would not say whether any service contract would be bought out. He was paid between £170,000 and £175,000 in the year to March 31.

Mr Marshall, aged 51, joined BAA in June 1987 just before its privatisation. Previously, he had worked for Hanson for 18 years, becoming chief executive of Imperial Foods when it was acquired in 1986.

Sir Norman Payne, chairman, will assume Mr Marshall's responsibilities as chief executive until a successor is appointed.

Bankers welcome SIB scheme

By David Barchard

PROPOSALS TO include building societies and insurance companies in a new scheme for investors' compensation were welcomed by the Committee of London and Scottish Bankers yesterday.

The move was suggested in a consultative paper published on Thursday by the Securities and Investment Board.

Earlier proposals to make banks mainly responsible for financing investor compensation schemes were attacked as unfair by Lord Boardman, chairman of National Westminster, when they were announced a year ago.

Mr John Quinton, chairman of Barclays, who is also chairman of the CLSB, said: "All major groups of financial institutions must be expected to play their part." Banks have often argued that there was no justification for excluding building societies or insurance companies from the scheme.

Mr Quinton said: "The essence of the compensation scheme is that all investment firms should stand ready to provide compensation in the event of any firm failing to meet its liabilities."

Banks argue that their situation regarding investment protection is very similar to that of banks. Although building society deposits enjoy protection arrangements, their investment business is not covered by this form of protection.

The CLSB also endorses proposals by the SIB to include insurance companies in the compensation scheme, even though their policyholders are already protected by law.

It says that insurance companies benefit from the marketing of their products by independent financial advisers and other intermediaries and should be expected to take a share of the burden of compensating customers if there is a serious default in the financial services industry.

Red telephone boxes may lose green panels

By Hugo Dixon

BRITISH Telecom will probably have to remove green panels from several hundred listed red phone boxes, after a ruling from the Department of the Environment.

The decision is the latest victory in a long campaign by conservationists to preserve the old red phone boxes, designed by Sir Gilbert Scott in the early part of the century.

BT had originally wanted to replace almost all such kiosks with new plastic boxes, arguing that the old variety was difficult to clean and easy to vandalise. However, over the past two years, 1,500 of the red boxes – particularly those near to other historic buildings – have been listed.

The latest ruling followed a complaint that BT had changed the character of a number of listed kiosks in Cheltenham, Gloucestershire, by sticking green panels on them.

BT said it had had to install the panels in order to inform its customers that inside the kiosks were card-operated telephones.

Little difference seen in BT and Mercury services

By Hugo Dixon

THERE IS little to choose between British Telecom and Mercury Communications in quality of telephone services, according to a survey of business customers by the Telecommunications Users' Association.

The results, however, should be treated with a certain scepticism in view of the small number of companies surveyed. Only 126 BT customers and 34 Mercury customers replied to a questionnaire sent out to the association's members.

Mercury is seen to be cheaper, swifter at repairing faults and better at correcting errors in bills.

On the other hand, BT's engineers are thought to be more co-operative and professional, the company is considered to provide better operator services such as directory inquiries and its charging structure is easier to understand.

Mercury's biggest advantage was considered to be pricing, with 77 per cent of its customers thinking its charges were competitive, compared with only 23 per cent of BT's. By contrast, 43 per cent of Mercury's customers thought its charging structure was unclear, compared with 30 per cent of BT's.

One of the strongest findings of the survey was that 86 per cent of all customers felt that charges should vary with the amount they used the phone. The Office of Telecommunications, the industry watchdog, has resisted such a move until it could be shown that serving large customers was less costly than serving small ones.

Mercury is quicker than BT at repairing faults, with the smaller company having a particular advantage on non-routine faults: 56 per cent of its customers said it repaired these within a working day, while only 36 per cent of BT's customers said it did.

However, 79 per cent of BT's customers said its staff were fully co-operative, compared with 64 per cent of Mercury's. Of the larger company's users, 75 per cent said they were satisfied with its technical expertise, compared with 61 per cent of the smaller company's.

Water industry spent £21.8m on media drive

By John Mason

THE RECENT television, newspaper and poster advertising campaign by the water industry has cost £21.8m, the Water Authorities Association confirmed yesterday.

The WAA denied that the campaign, which finishes at the end of this month, was directly linked to the planned privatisation of the 10 water authorities in England and Wales. It said it was launched to illustrate the water authorities' activities.

Mr Jack Cunningham, Labour's environment spokesman, said the intention was to promote the privatisation. He said consumers would be angered that £21.8m had been spent on a "fruitless" publicity exercise while money could not be found to increase drinking water standards.

Friends of the Earth said the WAA had been trying to put a gloss on a "legacy of neglect."

Tube may need fire certificates

By John Mason

FIRE certificates might be required on underground train networks once technical difficulties are overcome, Mr John Patten, a Home Office Minister of State, said yesterday.

London Underground still needs to build more exits, introduce smoke control techniques and remove some building materials. Mr Patten said the Home Office may introduce fire certificates – already required for overground services – once that was done.

They would add to safety measures, including sprinklers, fire-fighting equipment and training, introduced for all underground systems after the King's Cross fire.

Engineering sales up on last year but orders vary

By Richard Donkin

ENGINEERING sales in the UK have continued to improve on last year's levels, according to second-quarter figures published by the Central Statistical Office.

In the second quarter, using the index based on 1985 sales and orders, sales of the combined engineering industries were up 3 per cent on the previous quarter, and up 5.5 per cent on the corresponding quarter last year.

Net new orders were 19 per cent down on the first quarter, but 4.5 per cent up on the second quarter last year. Orders on hand at the end of June remained at the level of three months earlier, but were 12 per cent up on the level at the end of last June.

Second-quarter sales at current prices, seasonally adjusted, are estimated to have been about £16.7bn – £6bn of them being exports. Net orders on hand at current prices at the end of June were estimated at £37.3bn.

● Provisional figures for consumption in the steel industry showed that stocks held by producers and stockholders fell during the second quarter. Steel consumption rose 6 per cent on the previous quarter and 10 per cent on the same three months last year.

Maxwell brings Dillons payment policy to book

Rachel Johnson on a simmering row in the publishing world over the 'stock now, pay later' principle

MR Robert Maxwell, fresh from his highly publicised appearance in Tangier last weekend at the birthday party of Mr Malcolm Forbes, the millionaire American publisher, has brought into the public eye this week a long-running dispute within the publishing trade.

It concerns the length of time taken by Dillons, the third biggest book retailer in the UK with a chain of 43 bookstores, and owned by the Pentos group, to pay its suppliers' monthly bills.

Mr Maxwell, who owns Maxwell Communication Corporation, one of the UK's biggest book publishers, has now ordered Dillons' credit account with his publishing houses to be closed.

That, he says, is "because of persistent late payments over an extended period."

Publishers and suppliers feel strongly about excessively long credit periods. They say the practice is undermining an industry already weakened by high interest rates and static sales this year.

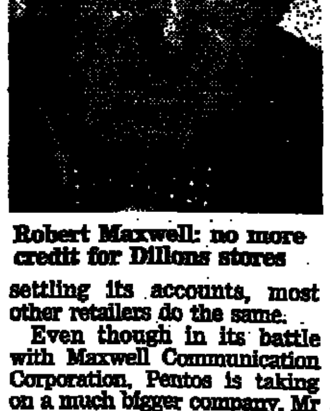
Suppliers are being used as bankers, and their capital tied up for too long, to finance overstocking by booksellers.

Their passion has been roused by the fact that the man spearheading the campaign to abolish the Net Book Agreement (which allows publishers to set minimum prices for most of their books) is Mr Terry Maher, Pentos's chairman, a self-confessed disciple of aggressive credit management. Mr Maher is a qualified accountant. He says the dispute has little to do with credit.

"Our account with Mr Maxwell has been conducted in an impeccable manner," he maintains. Relationships with other suppliers are "entirely normal."

Nevertheless, he admits he tries to be "as strong as possible" with his suppliers.

His objective is to finance 80 per cent of his stock by trade credit, and to push credit periods from the usual 30 or 60-day limit to 90 days. He claims that although Dillons does delay settling its accounts, most other retailers do the same.



Robert Maxwell: no more credit for Dillons stores

Even though in its battle with Maxwell Communication Corporation, Pentos is taking on a much bigger company, Mr Maher is combative as ever.

He claims he does not owe a penny to Mr Maxwell. That, however, is in dispute.

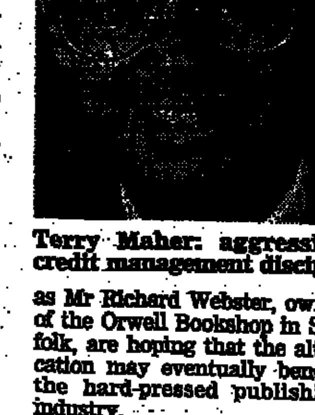
The industry, led by the Publishers' Association, has made no secret of its distaste for both Mr Maher's campaign and his credit policy.

But while the debate about the NBA has been both public and acrimonious, no publisher has until now been prepared to go public about late payments,nor closed Dillons' credit account as Mr Maxwell has done. (One wholesaler did. But the company acted only after writing 20 letters of complaint to Dillons in nine months.)

The Maxwell-Maher row has drawn attention to a long-running saga. The credit committee of the Publishers' Association says it has had "endless problems" with slow payments from Pentos.

A 1988 survey in the trade magazine The Bookseller showed that Pentos took longer credit periods than almost any other bookseller – the company took an average of 98 days to pay.

Up to half of the 200-odd Publishers' Association members are thought at some time to have cut off supplies of books to Dillons. Some traders, such as Mr Richard Webster, owner of the Orwell Bookshop in Suffolk, are hoping that the altercation may eventually benefit the hard-pressed publishing industry.



Terry Maher: aggressive credit management disciple

"Publishers both large and small regularly complain in private about Dillons' reluctance to pay bills", he said. "But very few are prepared to repeat those complaints in public. Maxwell is clearly not afraid. The action he has taken should have been taken by every sensible publisher years ago."

Mr Graham Nelson, sales manager of Heathcote Books, W.H. Smith's wholesaling operation, agrees that the move is significant at a time when the trade is "in trauma."

But whether it will turn the tide against aggressive retailers is uncertain.

Publishers now, more than ever, need outlets for their books, Mr Nelson says.

With 43 plentifully stocked bookshops, Dillons is the third biggest book retailer in the country, and the biggest in terms of trading space.

To lose Dillons' shelf space, however cluttered, would be a body blow for the small publisher. But Mr Maxwell is no small publisher, and his decision might usher in a new era of prompt payments.

As Mr Julian Blackwell, the chairman of Blackwell's publishing and retailing group, observed: "Terry needs Bob's publications."

UK NEWS — EMPLOYMENT

Nottingham college staff agree to no-strike deal

By David Thomas, Education Correspondent

NOTTINGHAM City Technology College has become the first state school in Britain to secure a no-strike agreement from its teachers.

The school, due to open on a greenfield site next month, is to operate a pioneering five-term year and a longer working day than is normal in state schools. It also plans to assess its teachers' performance annually.

The CTC has persuaded all its teachers to sign individual contracts of employment with a no-strike clause, which makes industrial action a reason for instant dismissal.

Mr John Ramsden, the college's project director, insisted that there was nothing surprising about this. "Most teachers want it and all parents want it. It's an indictment of other schools that they don't have a similar agreement."

A no-strike clause is fiercely opposed by most of the teaching unions, some of which have advised members against working in schools which try to operate a strike ban.

However, this cuts little ice with Mr Ramsden, who said the Nottingham CTC had received 278 applications for its first 13 teaching posts. "A boycott by the teaching unions wouldn't bother me at all. All it would do is filter out the people we don't want anyway — a few activists," he said.

CTCs are business-sponsored schools. They are independent of local authorities, but receive most of their capital and all their current funding from central government.

The Nottingham CTC, which will be the second CTC to open, has proved the most radical so far in re-thinking the traditional assumptions of the educational world.

The school will have five terms of eight weeks each, with a four-week break in the summer and four two week breaks during the rest of the year. Pupils aged 11-13 will work from 8.30am to 4.30pm, while those aged over 14 will stay an extra hour to 5.30pm.

The Professional Association of Teachers, the only teaching union opposed to strikes on principle, has said it would be willing to represent teachers at the CTC.

Mr Ramsden said the school would not stop individual teachers being members of unions, but there had been no sign of any interest so far.

The CTC's classroom teachers are paid on a scale ranging from £9,000 to £17,000 a year. This is not much different from the national pay scales once allowance is made for the national system of incentive payments, which the CTC is not paying. However, Nottingham is studying whether it can introduce merit pay for its teachers from 1991.

Coca-Cola workers win 30 per cent pay increase

By Michael Smith

WORKERS AT Coca-Cola Schweppes Beverages have won a deal which will increase pay by more than 30 per cent over the next two years.

The agreement is one of the highest achieved by workers this year. It is a blow to government hopes that pay deals will begin to fall in value following evidence of a fall in the inflation rate.

However, ministers will be comforted by the fact that some of the deal will be self-financing because it commits workers to radical changes in working practices, including flexibility and training on new equipment.

The TGWU general workers' union said yesterday that it and other unions were recommending the deal to their members. Negotiations had taken seven months to conclude, but the deal recognised the contribution made by the workforce to the company's profitability.

The deal covers about 1,000 workers at sites throughout Britain, including Aylesbury, Birmingham, Sidcup and East Kilbride. Coca-Cola would not elaborate on the details of the deal, although it confirmed it would be worth more than 30 per cent.

According to the TGWU, there will be an immediate wage increase of 11 per cent backdated to last April. This will be followed by 6.5 per cent on completion of training. In April 1990 a further 7.5 per cent will be payable, followed by another 6.5 per cent for training.

The TGWU said the training and flexibility formed an essential part of the deal.

The agreement reflects the growing interest among manufacturing companies in skill-based payment systems.

In the past two years, chemical companies such as Albright and Wilson, and Biosynthetics, part of the Royal Dutch/Shell group, have signed deals which link pay increases to the completion of training courses.

Rowntree Mackintosh, the food manufacturer, has introduced a similar skill and training based pay system.

Fighting closures with bold hope

Anthony Moreton on the fragility of the recovery in South Wales

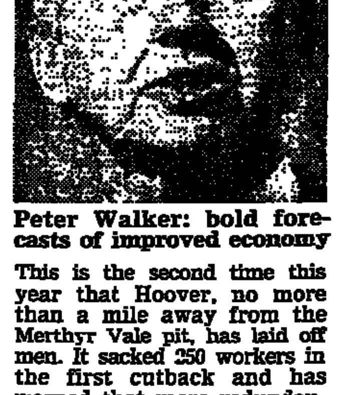
THIS WEEK'S heavy closures in the coal and domestic appliance industries in South Wales illustrate how fragile the economic recovery since 1985 has been in the valleys.

A year ago Mr Peter Walker, the Welsh Secretary, made the bold forecast that levels of unemployment in South Wales could, by the turn of the century, come down to those taken for granted in the prosperous south-east of England.

Unemployment has certainly fallen in the valleys over the past three years but, as the events of this week have proved, one closure can undo a dozen start ups. And the number of closures in the past few weeks has far outnumbered the start ups.

The pit at Merthyr Vale — the pit whose tip waste fell on the village school of Aberfan in 1966, killing 144 children and teachers — is to close, throwing 526 men out of work. A few miles down the road, the Trelewis Drift mine shuts today and across the valley in Blaenau Gwent, within the parliamentary constituency of Labour's leader, Mr Neil Kinnock, closure of the Oakdale pit will mean the loss of another 855 jobs.

On top of this Hoover, the giant washing machine and dishwasher manufacturer, whose plant underpins the economy of Merthyr Tydfil, is to shed 125 staff and threatens that its workforce of 1,770 will be further cut back later in the year as cheap imports and lower consumer spending hit its production lines.



Peter Walker: bold forecasts of improved economy

This is the second time this year that Hoover, no more than a mile away from the Merthyr Vale pit, has laid off men. It sacked 250 workers in the first cutback and has warned that more redundancies are inevitable before the end of the year.

As with Alcan in Newport, which cut back by 200 earlier this month, all these job losses involve men. The jobs which go are those of men; the jobs which are created usually need concentrations of women staff. It is an irony that across the road from the Hoover plant the Welsh Development Agency is building a business park whose offices and small factory units are likely to employ more women than men.

These closures can be seen as the last stages of the fundamental structural change that has taken place in the economy of the valleys. The overdependence on heavy industry and a small number of nationalised employers has been broken up. Coal has all but gone. When Merthyr Vale and Oakdale close their doors for the last time South Wales will have just six pits employing no more than 4,000 men.

At its peak in 1913, just before the start of the First World War, the coal industry in South Wales gave work to over 260,000 men. There were 66 pits in the two Rhondda valleys alone. Today there are none. After Oakdale, there will be none left in Gwent.

The steel industry, now highly efficient, today employs 18, 000 men. Twenty years ago, the number was closer to 78,000. The South Wales ports are a shadow of their pre-war selves, and the railways and other engineering concerns have been decimated.

In their place has come a wide variety of modern industries, many of them, such as A B Electronics in Abercynon, the Race Group in Llantrisant, and Amersham International in Cardiff, in the high technology field. Ford has an engine plant at Bridgend and the Japanese are to be found across South Wales — Sony, National Panasonic, Aiwa, Sekisui among them. Recent newcomers include Bosch at Cardiff and Bluebird Toys in Merthyr.

Medium-sized companies have experienced significant growth: Apollo in the Rhondda is the largest manufacturer of watch straps in Britain; the Porth Group in Porth is the largest British producer of Christmas decorations; Delyn in Caerphilly supplies much of the packaging that wraps sandwiches in Marks and Spencer and other chains; and Triumph Business Systems in Merthyr produces office equipment.

The problem with so many of the new jobs, and this is especially true of those employing large numbers of women, like the flourishing textile sector, is that they are low income generators. There are factories in the valleys where the gross pay is not much above £120 a week.

Mr David Waterstone, chief executive of the Welsh Development Agency, which has done so much to regenerate the Welsh economy, believes one of the biggest tasks now facing Wales is to lift income levels. So long as £125 a week is the norm then the valleys will continue to be seen as among the more depressed parts of Britain, whatever Mr Walker may forecast.

The Valleys programme launched by Mr Walker has helped focus attention on the area: factories are let before they are built; there is much more interest in industrial premises; there is also a new spirit of entrepreneurship. People like Mr Julian Caudle, of the Classic Rod Company, has proved that even one-man bands can export their products — fishing rods in his case — to France, the US and Japan.

But every cutback by Hoover or British Coal makes it that much more difficult to see Mr Walker's vision of a prosperity equal to that of Brighton or Basildon.

Workers at Dowty end pay dispute

By Michael Smith

MANUAL WORKERS at the Wolverhampton plant of Dowty, the engineering and electronics components group, voted yesterday to end a four-week strike after management revised a pay offer.

The deal will increase basic pay by 9.2 per cent, although the company said that some of the improvement would be achieved through consolidation of bonus payments. The increase to its pay bill would be 8 per cent.

The company said it had also achieved its requirements for flexibility, mobility of labour and new quality assurance procedures which involve operators being responsible for the quality of their work.

The dispute was settled after management withdrew a medical insurance scheme and consolidated the money it would have cost into basic pay.

During the dispute, about 390 of the total workforce of 660 joined the strike.

Employer views affect unions' membership

By John Gapper, Labour Correspondent

THE ATTITUDE of companies towards unions is more influential in determining whether their employees are union members than the workers' own views, according to a study of union membership in six towns.

The steep fall in union membership in the 1980s is due more to structural factors, such as company attitudes and whether an employer is in the public or private sector, than personal beliefs, the study found.

Thirty one per cent of union members among the 6,000 people interviewed said they had only joined a union because it had been a condition of the job. A further 10 per cent gave additional positive reasons for joining.

However, less than half of those originally reluctant to join — 47 per cent — mentioned coercion as a big factor influencing their decision to stay a member.

Most were relatively indifferent to unions. Only 12 per cent of employees said they were very favourable to unions, with a further 26 per cent quite favourable. Only 7 per cent said they were not at all favourable.

The study, part of an Economic and Social Research Council project, found the practical effect of views about union membership were constrained by the attitude of the employer.

Where employers encouraged union membership, 88 per cent of those who in principle supported unions were members, while the proportion fell to 28 per cent where the employer was hostile.

The study concludes that the decline of unions through long-term shifts in the occupational or class structure are not inevitable.

Trade Union Allegiance and Decline in British Urban Labour Markets; By Duncan Gallie; ESRC Working Paper No 9; Duncan Gallie, SCELI, Nuffield College, Oxford OX1 1NF.

Shorter hours campaigners reject job fears

By Fiona Thompson, Labour Staff

THE Confederation of Shipbuilding and Engineering Unions, which is leading the national campaign by engineering unions for a 35-hour week, yesterday rejected claims by a business and economic consultancy that the reduction in hours would threaten 200,000 jobs.

Business Strategies, in a report published yesterday, said that the 35-hour week without any reduction in pay or compensating productivity increases would result in inflation rising by more than 3 per cent after a year. It said engineering production would fall by 2.5 per cent, and 315,000 jobs would be lost by 1993.

The CSEU responded that the report made "wholly unrealistic assumptions about such things as productivity," which explained its "alarmist conclusions."

"The claims are reminiscent of those of German employers before their big cut in working time. They predicted catastrophe, but they became the world's biggest exporter."

The CSEU said the report incorrectly assumed that there would be no accompanying productivity or efficiency gains and no recruitment of additional workers.

The engineering unions said that they fully understood the need for change in promoting efficiency of production and were committed to striving for that end.

"Since the current dispute arose and before, the CSEU has been willing to look at ways of achieving better utilisation of the human and physical resources of the industry, improvements in working methods and the better use of working time."

The 35-hour week would act as a spur to management to seek out innovations and efficiency gains, the CSEU said.

As far as overtime was concerned, the confederation had made clear its commitment to the elimination of unnecessary overtime.

"It positively advocates using the shorter working week as an opportunity to increase employment," commented the CSEU.

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
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Saturday August 26 1989

Where the UK goes now

BAD NEWS makes policy choice rather easy. The UK trade figures released this week, the second worst monthly figures ever, put an immediate stop to the debate on how soon interest rates would, or should, be lowered. But if the job of the Chancellor of the Exchequer has become somewhat easier, it is only because the prospects for the UK economy have become more disturbing.

So long as the trade deficit remains huge and reflects excess demand (as shown in the buoyancy of imports), there is no case for a lower exchange rate and the Chancellor cannot risk lower rates of interest. Still less can he take the risk when the main discipline on wages is the exchange rate.

But the pressure to lower interest rates will recur. The Chancellor's critics argue that, just as he raised interest rates too late in 1988, now he is in danger of lowering them too late. The result, they suggest, will be slow growth, if not a recession. The perennially gloomy National Institute Economic Review, for example, now forecasts growth of gross domestic product between the fourth quarter of 1989 and the corresponding period of 1990 at a mere 0.7 per cent.

The Chancellor has specifically ruled out responsibility for how "soft" or "hard" the "landing" is likely to be, arguing that this is not in the hands of the Government alone. What he has said, instead, is that "interest rates will stay as high as is needed for as long as is needed. For there will be no letting up in our determination to get on top of inflation."

Delphic utterance

This is a characteristically delphic utterance. None the less, any plausible view of what "getting on top of inflation" might mean and of how the British economy works suggests that a recession cannot be avoided. Nor can the Chancellor really be indifferent on this point (even though he must pretend to be to preserve credibility). Unless underlying economic performance has improved far more than seems likely, a period of rising unemployment would appear to be a necessary route to his announced goal of lower inflation.

Between the first quarter of 1988 and the corresponding quarter of 1989 wages and salaries per unit of output in the economy as a whole rose by no less than 8.3 per cent. Some would argue that productivity growth is underestimated in these figures. Maybe so, but if inflation is to be below 7 per cent on a sustained basis, either the terms of trade will have to improve continually (which is unlikely) or profits must be squeezed. The squeeze on profits will immediately lower inflation; it should also put downward pressure on wage increases in the longer term, and so give a lower rate of sustained inflation.

Such a reduction in profit margins is, however, unlikely to occur without causing a recession. The only question is how severe that recession will be. The answer depends, first, on how wages will respond; and, secondly, on whether industries producing tradable goods will go on expanding supply in the face of reduced margins, so allowing a reduction in the current account deficit more through increased supply than reduced demand.

Market behaviour

The equity market is behaving as if it not only knew the answer to these questions, but was convinced that they are favourable to profits. Things are more doubtful, however.

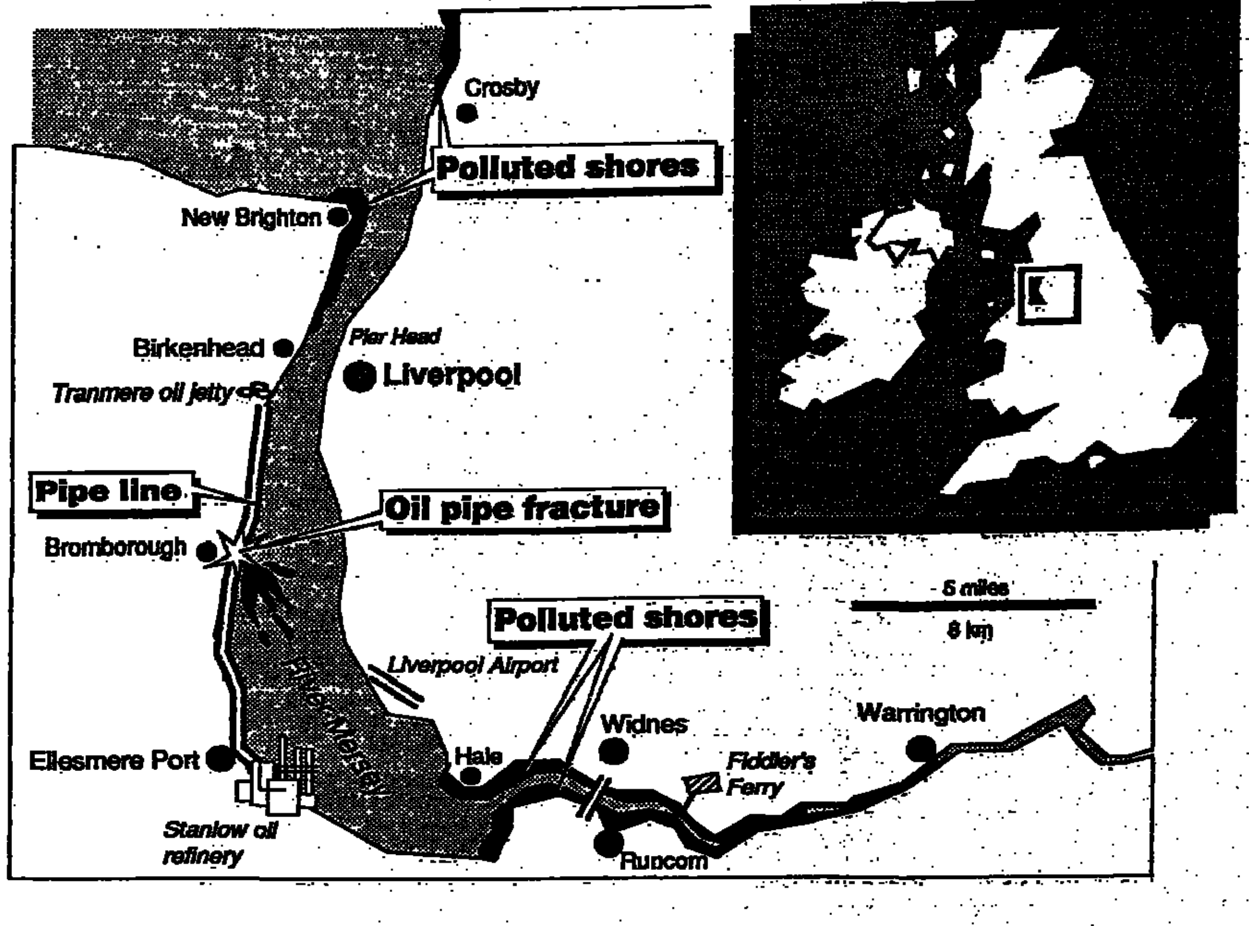
Nominal wage inflation responded dramatically to the increased unemployment of the years between 1979 and 1982; it then remained reasonably stable between 1982 and early 1987, in response to a level of unemployment of around 3m; since 1987 wage inflation has risen by about 1½ percentage points, following a decline in unemployment of not far short of 1½m from its peak. Wage inflation, it appears, responds not to labour market conditions but only to changes in those conditions.

In addition, the Bank of England has noted that industrial and commercial companies went into financial deficit in 1988, but this was because of increased investment rather than reduced income. So long as profitability is maintained, such a financial deficit should be no problem, even for British managers with one eye out for disaster. Unfortunately, a squeeze on profits would be a different matter. Cuts in investment and reduced borrowing are the likely response.

Given these realities, there is bound to be uncertainty about the Government's determination. The high cost that will have to be paid to lower underlying inflation reduces the likelihood that the Government will undertake the task. Thus is created a vicious circle of diminishing credibility. At the moment the Chancellor has little need to choose, because the pain is still modest. It is unlikely to remain so, however, unless the economy really has become as flexible and responsive in the last ten years as the Government hopes.

Ian Hamilton Fazey reports on the implications of Shell's leaking pipeline

Pouring oil on polluted waters



In the league of oil spills, the pollution of the Mersey last Saturday does not rank high. About 150 tonnes of Venezuelan crude – 1,000 barrels of oil – escaped from a fractured pipeline buried in the river bed. That compares with 240,000 barrels spilled from the ripped hull of the Exxon Valdez in Alaska this year.

When the Torrey Canyon went aground in the Scilly Isles in 1967, spilling 100,000 tonnes of oil, at least 20,000 sea birds died. This week on Merseyside about 2,000 birds have been counted as oiled. Most of these were contaminated only lightly on their feet and undersides. They should survive, though they may become ill through ingesting oil as they clean themselves.

The clean-up of the Mersey was well advanced by midweek. It may be months before some of the residual Mersey oil finally disappears. There are fears about the long-term effect on some parts of the estuary's ecologically important feeding, breeding and wintering grounds. But there is no wild-life disaster, or at least not yet.

In any case, the Mersey was already one of Europe's filthiest rivers. More than 1,000 miles of waterways and canals drain into its estuary, starting in the Pennines and Derbyshire Peaks and coursing through a region still bearing the scars of the industrial revolution of more than 150 years ago.

Sir John Tavare, chairman of the Mersey Basin Campaign, the government-backed group co-ordinating a 25-year clean-up, emphasises the other threats to the estuary's cleanliness.

"The oil spillage is the worst single industrial pollution incident that I have been aware of but it's well under control," he says. "However, it is very small relative to the effluent that goes in every day from the lack of sewage works in the region.

"About 135m gallons a day of untreated sewage goes straight in. It will be five years before the new Sandon Dock sewage works in Liverpool is completely operational. Until then human sewage will remain the biggest pollutant by far. Of course, it's not very dangerous to the bird life. Some species even feed off it."

For Shell, the oil company which owns the broken pipeline, such comparisons are of little help. Its name and reputation have been damaged. It has been forced to devote great resources, including much senior management time, to the emergency. It has been criticised and abused and put through trial by the media. It may well be prosecuted. And it has promised to pay a bill that, according to some estimates, will exceed £2m, with £500,000 for one local authority's labour overtime alone.

The immediate burden falls on Shell. But the spill must concern all oil and chemical companies. If investigations reveal that the Mersey spill could have been avoided by more advanced, more expensive testing and monitoring of the pipeline, how much will have to be spent on applying such techniques throughout the industry as a whole? And, in a wider sense, if so much trouble can be caused by a spill which is dwarfed by other environmental disasters, does that mean that the stakes have been raised for all companies that handle potential pollutants?

There are fears about the long-term effect on bird breeding grounds. But there is no wild-life disaster

Some indication of the answer to this second question will come from Shell's experience at the hands of the National Rivers Authority, which has been flexing its muscles even before its own birth on September 1, next Friday. The company is now braced for prosecution: the offence is an absolute one of committing pollution, irrespective of how it was caused or what was done to put matters right afterwards, which count in mitigation only.

The company's official line on the prospect of being charged was put by Mr Bob Reid, chairman of Shell UK, under hostile questioning at a press conference on Wednesday.

"The question of whether we get prosecuted or not, we shall deal with when it comes," he said. "The most important thing is to take action. You certainly can get damaged in the courts but from our point of view the most important thing is to act on the environment."

Privately, executives are expecting sympathy but no mercy. With environmental issues and water privatisation politically sensitive, they believe that the authority – the pollution watchdog of a privatised industry – will have to prove both its bark and its bite early on. Letting Shell off the hook would not be a good start.

The company was warned informally last weekend of the start of the first stage in legal procedures. The authority gave Shell two weeks to explain the leak. The company is now preparing its explanation and hoping that even if it is prosecuted, it will escape opprobrium because no one will believe that the leak was anyone's fault.

Shell's case that the incident was an unavoidable accident rests on whether the company could or should have foreseen that the pipeline might fracture. It also hopes to show that it did all it could to minimise the damage and help the clean-up afterwards.

A crucial issue is the timing of the shutdown of pumping operations after the pipeline started leaking. There are several relevant questions on this point, and on the state of the pipeline itself:

● How long did Shell go on pumping oil through a fractured pipeline? Mr Reid says that the shutdown took place around 3 pm last Saturday when operators noticed a fall in pressure at about the same time that a member of the public phoned to say a large amount of oil had been sighted in the Mersey.

Yet oil had already been spotted on the water by a Mersey river pilot on a ship in the channel at 2.38 pm. He radioed the Coastguard station at Crosby which despatched an emergency services vessel to investigate.

Mr Reid says it was reasonable for the Coastguard not to phone Shell before officers were sure what they were dealing with, as there are often patches of oil on any busy working river.

However, it seems possible that the oil might have been leaking for more than 20 minutes before pumping stopped. The pipeline – which runs from Shell's jetties at Birkenhead to its refinery at Stanlow 12 miles away – holds about 1,300 tonnes of oil when full. Venezuelan crude, which is very thick and used for making bitumen, moves through it sluggishly at 200 tonnes-400 tonnes an hour, so 150 tonnes would need at least 22 minutes to escape. In fact, 200 tonnes got out.

● Should Shell's pipeline staff have noticed the leak sooner? It would not have been easy to observe a noticeable drop in pressure at the receiving end – a sure sign of a leak – when something as viscous as Venezuelan crude is being pumped such a distance.

A pumping pressure of 40 bar (560 lb per sq in) was needed at the Birkenhead end. The amount of energy needed for the passage was indicated by the pressure at the receiving end, which is only 3 bar or 4 bar. This may drop if the thick fluid clogs en route, for example, so a leak might not be assumed in the first instance – and instrument failure would probably be the second assumption.

● Was the pipeline's operating pressure sufficiently within the level at which it had been tested? Testing, which is done every two years, consists of filling the pipeline with water at 40 bar or slightly higher and leaving it for 24 hours to see if pressure drops. It was thus being worked at test pressure or near it. There was little margin within the limits at which it had been proved – if any – and many will find it reasonable to ask why.

By comparison with other environmental disasters, the accident was a small oil spill into an already foul river

● Had the pipeline's construction and testing methods become outdated? The pipeline is made of lengths of steel pipe welded together, coated protectively in bitumen, encased in concrete and buried in a trench in the foreshore between high and low water. This was state of the art technology 19 years ago, when the pipeline was laid.

The lengths of pipe would have come precoated with bitumen, with their ends exposed so they could be butted together on site and welded. To test the weld, an X-ray source would have been placed inside the pipe and a strip of film wound round the join to obtain a photograph of its internal metallic structure.

If the weld were revealed cavity-free, a bitumen coating would have been poured over the exposed, joined ends. Once it had set hard, it would complete the main defence against corrosion. Not surprisingly, most pipeline failures occur at the weld or around it. The weld itself may fail or the coating may leak, allowing corrosion to set in.

More modern pipelines are protected by powder coatings. In this process, a mixture of pigment and resin is sprayed as a charged powder on to a pipeline which has been heated and charged with the opposite polarity by passing it through a magnetic induction device. The powder melts and cures to a thick paint. This can be done on site, providing safer protection.

Testing has also advanced, using ultrasonic crawling robots which travel down a pipeline shooting sound waves into the metal and detecting flaws by computerised analysis of what bounces back. The technology was developed for the nuclear industry, where operators cannot get into plant to use the less reliable X-ray method.

Shell is now faced with the costly decision of whether it should use crawlers to test its underwater pipelines in future.

Whatever investigation reveals about the pipeline and its testing procedure, there is only muted criticism of the steps Shell took once the company realised oil was leaking.

The site of the leak was found within an hour – at Bromborough, five miles down the pipeline's length. A coffer dam was built within another two hours, preventing 50 tonnes of oil escaping on the tide.

It was soon clear that cleaning up was going to be a bucket and spade job as the oil came ashore, though two Dakota aircraft made repeated runs off Crosby's beaches on Sunday and Monday to spray the slick with detergents and minimise its northward spread into Liverpool Bay.

Containing the oil with floating booms was impossible. Booms fail when the speed differential between the (usually static) boom and the moving water surface exceeds 0.5 mph. The Mersey moves at 4 mph.

What booms there were went to save the big Fiddlers Ferry power station at Widnes, where the cooling systems would have been wrecked – enforcing a long shutdown – had oily water been sucked in.

All week council workmen have been cleaning the beaches with mechanical shovels where possible, and with buckets and spades where not. On the salt marshes of the estuary, some oil is being left to degrade and become overgrown naturally because this will damage the habitat less than men and machines churning it up.

The scale of human activity has been large, frenetic and costly. And all this for what in global terms was a small oil spillage into an already foul river. The implications are considerable for places like Southampton, Portsmouth, London and Teesside – indeed, large ports anywhere in the developed world.

Other oil and chemical companies which, like Shell on the Mersey, sit cheek-by-jowl with urban communities in an age of politicised environmentalism, will await the result of the metallurgical analysis of the pipeline with bated breath.

A one-off accident is bad enough. One which might have been prevented by, say, better testing might cost the industry a great deal of money.

MAN IN THE NEWS

Ian Prosser

Intellectual accountant wearing Clark Kent glasses

By Lisa Wood

When Ian Prosser was a very young and very junior accountant at Bass in the early 1970s, he impressed Mr Derek Palmar, then the brewing group's demanding finance director, by handing him out of the blue an elaborate plan for introducing formal financial planning and forecasting. Mr Palmar, who subsequently became Bass chairman and chief executive, told him to go away and implement his ideas.

He did so with considerable success, at a time of rapidly rising inflation. In 1978, at the tender age of 34, he was appointed to the board of Bass with responsibility for finance, computer services, planning and much else. And less than 10 years later, Mr Prosser was appointed Mr Palmar's successor over more obviously qualified candidates in Bass's operating divisions.

"I was lucky in that at an early stage in my career I was given some important work to do," says Mr Prosser now. Fortune may have played a part, but in Mr Prosser's initial approach to his mentor, he gave a hint of the sharpness and appetite for work that took him to the top of Britain's biggest brewer in his middle forties.

A tall, private man, who started his working life at Coopers & Lybrand, he says he joined Bass because he wanted to make and sell things rather than just advise people.

His friends say he is "sincere and kind although capable of being quite hard." In person, he has the reserved air of Clark Kent, the fictional mild-mannered newspaper reporter.

Clark Kent was regularly transformed into Superman. Mr Prosser is still inside his telephone kiosk. Whether he emerges, transformed into one of the supermen of British industry, will depend greatly on his most ambitious move yet: a bid of nearly \$2bn (£1.28bn) for the Holiday Inns hotel chain in the US.

This will make Bass the largest hotel operator in the world, adding nearly 1,400 American hotels to its portfolio. It already holds most of the Holiday Inns hotels outside the US, acquired over the past two years in deals totalling £432m.

It is a big step for Bass, gearing it highly and exposing it to the vagaries of the US hotel business.

Bass has in the past built up a reputation for conservative thinking. It has carefully husbanded shareholders' funds and, until now, has been substantially under-geared for a group of its size. Mr Palmar, for example, refused to make substantial investments in wines and spirits – unlike many British brewing companies which have had success in the area – because he thought the investment was too long term.

Mr Prosser claims that the acquisition of the US Holiday Inns chain is not a risky or radical departure from past policy. Rather, he claims, the prospective purchase reflects Bass's step by step approach.

First, he says, Bass is no stranger to the hotel business, having operated hotels in the UK and in continental Europe for the past 20 years. Since 1987, the group has been planning to tap the potential of the hotel business world-wide, looking forward to increases in demand as a result of more business and leisure travel.

As part of its learning process, in 1987 it acquired the rights to 165 Holiday Inn hotels outside the US for £290m and followed this up earlier this year by paying £142m for 32 Holiday Inns in Canada.

The spadework for the latest hotels acquisition, says Mr Prosser, began when the first deal was done with Holiday Corporation. "We have not just jumped into this market," says Mr Prosser.

"We have moved a step at a time. We are careful, we do plan, we think hard and try to minimise risk. We do not believe that taking on 100 per cent gearing is anti-conservative because we have properly thought it out."

The acquisition, he says, forms part of his vision for Bass to be a major player in each of its markets and to be more prominent internationally.

He rejects any suggestion that Bass, compared to other British brewing groups, has been slow to expand core businesses overseas or diversify into new areas. "When we have confidence and want to move into a new area we are prepared to wait for the right acquisition."

He adds that Bass can admit when it has made mistakes – as with its aborted Horizon Holidays acquisition. Mr Prosser has no doubts about what he wants for Bass – to see it grow strong in international markets. For himself, he wants to play bridge very well and stay at Bass as long as he serves a useful purpose.

His plans for the company, he says, are clear: "I want to move the group horizontally. For many years Bass has concentrated on vertically integrated businesses, primarily beer."

On the brewing side, he says the recent division of the brewing and pub businesses into two separate operating divisions is an indicator of this thinking. "I want our divisions to focus on their own skills," says Mr Prosser. "The brewing division, for example, must look at opportunities on the Continent and likewise must the pubs division. On the Continent, unlike in the UK brewers do not generally own pubs."

Bass has strong beer brands, including one of the top-selling lagers, Carling Black Label. It would seem well placed to exploit the opportunities presented in the Government's planned changes in the British beer market following the recent Monopolies and Mergers report on the industry. Despite these potential gains, Mr Prosser was clearly disappointed by the report.

He headed the brewing industries team in its representations to the Monopolies Commission. He still rebuts the commission's analysis of the industry: that there is a monopoly in British brewing and it has acted against the public interest. In three years time, he says, the Government will be trying to see whether the industry has changed but it has not made its objectives clear and precise. "It is ludicrous to play around with a major industry on the eve of 1992 and not be clear about your objectives."

Chris Sherwell examines the Australian pilots' dispute

Grounding a continent

If you were in New York when all US domestic flights suddenly shut down, how would you get to Chicago? And if you were in Los Angeles, or Houston, how would you get to Washington?

That is the sort of question businessmen, tourists and other travellers are wrestling with in Australia, where a sizzling pay dispute between the country's local air carriers and their 1,600 pilots has grounded domestic flights.

Australia is a continent the size of the US, albeit far emptier, and a federation with numerous commercial and government centres. Air transport has become an essential feature of its modern economy. How essential can be seen in the answers to those questions.

This week, some people are doing the equivalent of flying to Montreal or the Caribbean to reach their destination. Using international carriers, they are flying from Sydney to Melbourne via New Zealand, and from Darwin to Sydney via Bali. Such radical solutions involve only a minority. The stranded are being moved on the internal legs of international flights, through special Royal Australian Air Force flights, or by taking trains, buses and hire cars. Most are opting not to travel at all.

Executives are using facsimile machines and teleconferencing to do business. Holidaymakers are postponing plans.

The implications for Australian aviation are surfacing quickly. The two main carriers are Ansett, which is half-owned by Sir Peter Abeles' TNT transport group and half by Mr Rupert Murdoch's News Corporation, and the state-owned Australian Airlines. According to Baring Securities, Ansett will lose close to A$14m (£6.77m) per week from their pre-tax profits as long as its aircraft remain grounded, while Australian Airlines will drop more than A$10m a week.

The tourist industry, Australia's largest foreign earner at more than A$6bn per year, is being hit badly. Resorts like the Barrier Reef or Ayers Rock are accessible principally by air. It is thought many visitors will not come if they cannot travel internally. The Australian Tourist Commission expects 25 per cent of the tourists forecast for the last quarter will cancel if the dispute lasts another two weeks. International airlines will be worst affected. Japanese travel agents have already begun cancelling trips scheduled for next month, while the hotel industry is considering legal action.

Just as significant, the dispute has exposed the weaknesses of Australia's highly institutionalised industrial relations system, with its centralised pay-fixing and the much-vaunted "accord" between the Labor Party Government and Australian Council of Trade Unions (ACTU).

Over its six years in power, Labor's accord has delivered wage restraint for business and jobs for trade unionists. But like all incomes policies, its shelf-life is finite. The pilots' extraordinary 29 per cent pay claim is its biggest challenge yet. If conceded, it could flow on to pilots at Qantas, the international carrier, to other aviation workers — and, indeed, to other industries.

The pilots disagree. Not affiliated to the ACTU, they say they had nothing to do with the accord, which offers 6 per cent rises. They see themselves as special-case professionals, like judges. They also point, tellingly, to big increases for executives of Australian Airlines, including a 100 per cent rise for the next chief executive.

The dispute came to a head on Monday, when the Industrial Relations Commission cancelled the pilots' agreements with the airlines. The pilots were not on strike, but were working only from 9 am to 5 pm. Yet the commission invoked its heaviest sanction and surrendered the dispute to the courts, through which the airlines are now suing the pilots for damages.

In the past, Labor, and Mr Bob Hawke, the Prime Minister, in particular, have strenuously rejected such a course in dealing with industrial relations problems. As ACTU leader in the 1970s, Mr Hawke displayed a remarkable conciliatory touch, but on this occasion it seems to have deserted him. From the beginning he encouraged the airlines to take a hard line, calling the pilots greedy and likening them to bus drivers. He spoke of "war," said he was ready to shut down the system and made plans to bring in the air force.

As ministers echoed his vitriolic attacks, Captain Brian McCarthy, the pilots' leader, spoke in unruffled, deliberate tones, reiterating that pilots simply wished to negotiate directly with their employers.

Mr Hawke's calculation was that the pilots would attract little popular support. Their average pay of A$79,000 is more than three times average earnings, and only a minority of the population travels regularly by air. The airlines, ACTU, the commission and the Government also represented irresistible pressure, backed by the international carriers and the air force.

Ministers are convinced the pilots' spectacular mass resignation this week is a kamikaze tactic. Others reckon the pilots have the upper hand, not only collectively but individually as professionals who can market themselves internationally. But the real lessons are wider. Australia's airline industry is highly regulated and over-protected. That is due to change next year. But management has done some cosy deals with unions, including the pilots, while government has tolerated other inefficiencies, as with the disruptive air traffic controllers.

The Government's encouragement of the airlines in the pilots' dispute offers the first clear challenge to such cosy arrangements, not just in aviation, but in other industries as well. It is part of Labor's attempt to liberalise the Australian economy. Until now, that process has stopped short at the boundaries of the labour market. The pilots' dispute indicates that — perhaps inevitably — that boundary is no longer sacrosanct.

Tourists, businessmen and other travellers are using Australian Air Force aircraft to get to their destinations

Michael Prowse argues against the Government's involvement in setting a national curriculum

Teaching British history the Chinese way

A couple of years ago, Professor Willie Lamont of Sussex University went to China to address two hundred Chinese history teachers. He was asked to describe the official textbook used for teaching history in British schools. How big was it? What topics did it cover?

The Chinese were nonplussed when Professor Lamont explained that there was no official textbook. They were even more baffled when he explained that British teachers were subject to no central guidelines. Schools could choose from a multiplicity of competing syllabuses (there are more than 30 for the GCSE exam alone) and use whichever textbooks took their fancy.

If Professor Lamont were to return to China today he would have to admit that the British system is being remodelled along Chinese lines. Mrs Thatcher's Government is creating a national curriculum which will ensure that all children are taught the same things in the same way. A fortnight ago a working party chaired by Commander Michael Saunders Watson produced a first draft of an official history syllabus for 5-to-16-year-olds, something which will eventually be taught in every classroom in the land.

Mr Saunders Watson has few educational qualifications for the job. But as the owner of Rockingham Castle in Leicestershire and a past president of the Historic Houses Association he was reckoned to have a "feel" for British tradition. In the event, his report failed to please either Downing Street or Mr John MacGregor, the Education Secretary. Civil servants were therefore summoned and the working party given curt instructions: increase the emphasis on factual content and allot more time to the study of British as opposed to world history. The group has until Christmas to come up with a syllabus acceptable to the Government.

The working party's proposals and Mr MacGregor's rejoinder have sparked off a vigorous public debate. Eminent historians are appearing on television and writing articles for newspapers. Some support Mr MacGregor; others wish he had left well alone. But all agree that the way history is taught matters: it can powerfully influence people's sense of identity, their perception of Britain's role in the world and their ability to live in a multicultural society.

The structure of the national curriculum required the history working party both to set out a detailed programme of study and to specify the criteria by which children will be assessed. Mr MacGregor objects to the programme because he claims it involves children aged 11-to-16 spending less than 50 per cent of their time on British history. The criteria for assessment are faulted because historical knowledge is not a goal in its own right but instead subsumed within attainment targets emphasising skills such as "evaluation" and "interpretation."

The suggested programme of study is certainly a good deal more exotic than the history I recall from school, which concentrated on the lives of English Kings and Queens. For example, in addition to British history, the working party says 11-to-14-year-olds should study the Roman Empire, Islam and the Arabs, the American Revolution, and Russia (1917 to 1945). Schools would also have to choose three "thematic units" from a list including the Chinese Han Dynasty, Japan from the Shogunate era, the Italian Renaissance and the Mogul Empire in India.

This may amount to a slight over-egging of the international pudding. On the other hand, with the loss of empire, a heavy concentration on the minutiae of British history surely no longer makes sense. It is more important that children understand Britain's role in Europe, which features prominently in the final two years of compulsory schooling, than that they know why King Alfred burnt the cakes. Likewise, it is better that they should have some inkling of how the Third World has coped in the post-colonial era than that they recall which of Henry VIII's wives did what. With at most three or four school periods a week devoted to history, and a world to explore, hard choices are inevitable.

The way history is taught matters: it influences people's sense of identity, their perception of Britain's role in the world and their ability to live in society

The criteria for assessment have generated even greater controversy than the subject matter. At the heart of the debate lies a disagreement about the purpose not just of history but of education itself. Mr MacGregor is clearly concerned that if the working party does not amend its proposals, children will end up ignorant of crucial facts. Questions like "when was the Magna Carta signed?" will be greeted with blank stares.

The argument is taken up with some enthusiasm by Dr Sheila Lawlor, a former historian at Cambridge and now an aggressive pamphleteer for the Thatcherite Centre for Policy Studies. "Children's problem today," she says, "is that they don't know anything." She criticises progressive historians' emphasis on skills such as archive work and the evaluation of original sources. Schoolchildren, she says, cannot do "real evaluation." It is a waste of valuable classroom time.

Professor Roderick Floud, an economic and social historian who recently become provost of the City of London Polytechnic, takes a diametrically opposed view. "The 'facts' are the least interesting part of history," he says, "they contribute least to improving students' ability to analyse — which is the main purpose of history. The subject exists to help people learn how to think."

By not making factual knowledge an attainment target in its own right, the working party leaned towards Professor Floud's interpretation of history. The justification for this stance is part practical and part philosophical. The cumbersome machinery of the national curriculum specifies no less than 10 separate levels at which children's attainments will be tested. Should the working party therefore lay down 10 different sets of facts about Roman Britain which children at the different levels must memorise? Historians would probably be hard pressed to agree on a single set.

The philosophical argument is more important. Ministerial criticism of the working party's failure to emphasise factual recall reflects a misunderstanding of the purpose of education. Children are not empty pots which need to be filled with as many facts as possible. The point of education should be to develop children's skills and enable them to think independently — not to create passive citizens respectful of received wisdom. A chronological list of the dates of British kings and queens is educationally useless. It could be learnt by a parrot.

Some will say the differences between the Government and its critics are being exaggerated: in practice a balance has always had to be struck between skill acquisition and factual learning. True, but the imposition of a uniform national curriculum has greatly raised the stakes. At present, many different balances are struck up and down the country. Some schools like project and archive work; others do not. Some concentrate on British history; others put the emphasis on world history.

A national curriculum, whatever its other advantages, is going to crush experimentation and reduce choice and diversity. It also threatens to make education a political football. Those who cheered Mr MacGregor's intervention should wonder how they would feel if a Labour Education Secretary were to demand extra courses on the rise of working class solidarity in the late 19th century.

LETTERS

Endowed stewards

From Mr Peter M. Brown.

Sir, Though not a college nor university, this 250-year old children's charity shares some of their financing problems: a responsibility for historic art and buildings, while facing a need to expand significantly the service we offer during a time of local and central government grant reduction.

So I gladly respond to Nicholas Stacey's invitation ("Self-help in academe," Letters, August 21) to reveal our financial stewardship, in the hope that it will support changes in the rules governing charities' investments, and stimulate donations (during our anniversary year) to our work — we help some of the most deprived and handicapped children and young people in London.

Since 1976, when the current finance committee took over, with the help of our investment managers we have increased the value of our investment portfolio from £1.5m to £7.9m, and our income from £130,000 to £438,000.

This reflects a switch from gilts to equities and our willingness to invest, through UK registered bodies, in low yielding overseas shares. What counts is the total return, and capital can be used (and has been used) for income support in some years.

As an endowed body whose investment income is critical to the 500 per cent increase in numbers helped over the period, we felt hampered by aspects of the Charity Commission's investment rules.

The right to apply for new issues of acceptable shares has been won with the help of Charities' Aid Foundation (CAF). But rights to hold investment cash in currencies other than sterling, and to use defensive options to protect our equities against a market fall, are denied us.

Charities, unlike pension funds, face very restrictive powers to invest overseas. They are also to some extent still limited by the division into narrower-range and wider-range investment imposed by the Trustee Investments Act 1961. In an increasingly international world, where we are expected to fund more and more of our growth from non-public sources, as a charity with a full annual audit we would like to have the greatest possible freedom to maximise returns.

Peter M. Brown,
Chairman, Thomas Coram Foundation for Children,
40 Brunswick Square, WC1

Self-help in academe

From Dr Michael Allen.

Sir, When we contemplate the results achieved by college and university fund managers (Letters, August 21, 23), we should bear in mind the performance of City professionals.

Barry Riley (February 18 1989) says: "in practice most unit trusts fail to beat such indices." The Investors Chronicle (April 14 1989) says: "the average actively managed fund does slightly worse than portfolios tied to the stockmarket index."

The same two sources also tell me that some pension funds have settled for investment in "passive" indexed funds, which track the markets but lag a little behind them because of costs.

The evidence suggests that, with or without professional advice, it would be unreasonable to expect college and university fund managers consistently to beat the index.

Michael Allen,
1 Kingsfield Close,
Bradford-on-Avon, Wiltshire

If only . . .

From Mr Peter Sanders.

Sir, Joel Kibazo states ("Hope fading fast of a profitable carnival," August 19) that the Commission for Racial Equality, which was one of the big funders last year, has been deterred from contributing this year by "the carnival's history of poor management."

In fact our inability to provide the level of financial assistance which the Carnival and Enterprise Committee would like is primarily because of the severe constraints on our own finances. We would help more if we could.

Peter Sanders,
Commission for Racial Equality,
10-12 Allington Street, SW1

British art goes to market

From Mr Colin Phipps.

Sir, Antony Thorncroft (August 19) is incorrect in stating that the Royal Academy's Summer Show, with sales of £1m to £1.5m, is "the greatest art sale in the country."

This distinction belongs, at least for British painting, to the inaugural Twentieth Century British Art Fair. During five days in October 1988 it sold over £1.7m of British paintings, prints and sculpture.

The fair (to be held this year at the Cumberland Hotel from September 26-30) covers the entire range of British art of this century, and to this extent complements the RA Summer Show. Their success underlines Antony Thorncroft's principal point that modern and contemporary British art is at last getting the attention it merits.

In general, however, British works remain remarkably cheap by international standards. Paintings by significant British artists routinely sell for a tenth of the prices achieved by their continental and American peers and contemporaries — a situation increasingly turned to advantage by discerning collectors from abroad, especially from Switzerland and the US.

In this context the results of both the fair and the Summer Show are still modest. But they are important indicators that a reassessment of British 20th century art is under way.

Colin Phipps,
The 20th Century British Art Fair,
18 St George Street, W1

Credit cards under scrutiny

From Mr David Brown.

Sir, " . . . the (Monopolies and Mergers) Commission envisages allowing retailers to give a discount on cash payment rather than charge extra for credit card payment" (August 23).

Obviously the MMC's members leave their spouses to do all the shopping — otherwise they would realise that their words have meaning only when an article on sale has a universally accepted standard price.

Within a few hundred yards of our shop the same compact disc can be bought at £10.99, £11.49, £11.99 and £12.49. Currently, our price is £10.99, and we consider (as do our customers) that we are giving both cash and credit card payers a £1 discount on the city centre's median price of £11.99.

Presumably, if the MMC's proposal is given effect, there will be no objection to us removing this discount from credit card payers.

Anyway — as the spouses will confirm — it is irrelevant. Even if it were possible to define a "discount" as against "an extra charge," credit card payers would have to wait only a day or two for the first retailer to break ranks and offer equal prices for cash and cards — so no retailer would consider differentiating in the first place.

David Brown,
Koinonia,
6 Pottinger's Entry,
High Street,
Belfast, Northern Ireland

From Mr E.C. Bowman.

Sir, I hope other banks will not feel obliged to follow Lloyds Bank's proposal to make a monthly charge for providing credit cards.

NatWest's full-page advertisements offer both Access and Visa cards, while at least one other bank gives its Access cardholders quite a nice wrist watch if they will also apply for a Visa card. (It seems that some traders take one, some prefer the other.)

True, cardholders' interest charges are to be reduced, but could Lloyds possibly be unaware that two-thirds of these settle their accounts promptly each month, and so do not incur interest charges?

E.C. Bowman,
Cold Wall Farm,
Mellor,
Stockport, Cheshire

From Mr John Perry.

Sir, Your leader (August 23) criticised the terms of reference under which the Monopolies and Mergers Commission reported on credit cards. It complained that debit cards, charge cards and store cards were ignored.

I should point out that if the terms of reference had been as wide as your leader envisaged, the MMC would have found no "monopolist" in the supply of store cards, and no recommendations could therefore have been made concerning them.

John Perry,
Office of Fair Trading,
Field House,
15-25 Bream's Buildings, EC4

The public's 'poor view'

From Mr N.H. Redman.

Sir, I feel that Miss Sue Ward (Letters, August 22) has misunderstood the point made in my earlier letter (August 12).

Since April 1988, when membership of company pension schemes was made voluntary, a large number of employees have had to decide whether or not to join their company pension scheme. Despite the fact that both employers and unions have voiced their approval of company schemes, it now seems that large numbers of employees are declining membership.

Quite clearly the general public has a poor view of the company occupational pension scheme. While there are many reasons for this, critical press coverage must be a significant factor. An individual having to decide whether or not to join a company scheme is unlikely to be encouraged by headlines stating that private sector pensions are failing to maintain their real value. And yet the company scheme is likely to be his or her best opportunity to secure a decent income in retirement, and is probably the only pension — apart from that provided by the state — with any hope of being protected against inflation.

Miss Ward is critical of employers who fail to use surpluses to maintain the value of pensions. Although I would agree that, in general, the value of pensions should be maintained, I cannot see that the existence of a surplus has any bearing on the matter, other than it may ease the financing of the increases needed.

Surpluses arise because actuaries make incorrect guesses. If an employer has a moral obligation to preserve the value of a pension, then surely the obligation is not affected by the amount of surplus or deficit in the company pension fund.

N.H. Redman,
18 Reedley Road,
Westbury-on-Trym,
Bristol, Avon

The heat is up

From Mr John Wright.

Sir, Why does a Weber barbeque, retailing for $59 in the US, cost £120 here, and what difference will 1992 make?

John P. Wright,
Hobbs Farm, Tandridge Lane,
Lingfield, Surrey

UK COMPANY NEWS

Zurich investigates losses at Ecobric

By John Ridding

ZURICH GROUP, the property and motor dealing company, said yesterday that its accountants and lawyers were investigating losses at Ecobric Holdings, the demolition company, which Zurich acquired to join the USM in September 1988.

Preliminary results announced yesterday, the first published figures since the new group was formed, revealed that both Ecobric and Zurich fell short of forecasts made at the time of the acquisition and market placing to raise £4.5m.

The forecast dividend of 1p per share has been passed.

Ecobric's losses of £1.65m for the year to January 31 1989 were far higher than the projected loss of £150,000. In addition, there is an extraordinary charge of £1.1m relating to the disposal of its LE Jones (Demolition) subsidiary to management and the closure of the Ecobric foundry.

Mr Robert McLaren, Zurich's legal director, said that "we are looking at the documentation at the time of the acquisition to see if anything was misrepresented . . . if we are advised there is a case to pursue we will pursue it."

Zurich Group, excluding Ecobric, itself achieved pre-tax profits of £4.01m for the nine months to the end of January compared with a forecast of £6m.

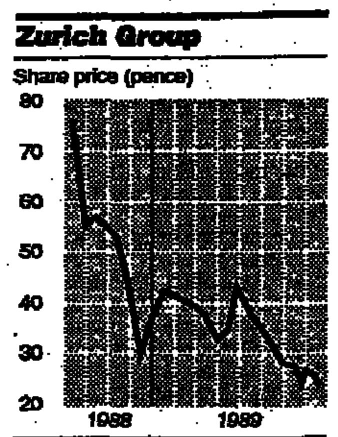
For the group as a whole, on an acquisition-accounted basis, pre-tax profits were £3.81m for the nine-month period. This compares with £4.13m recorded by Zurich for the year to April 30 1988.

Earnings per share were 3.1p and 3.8p respectively.

Since coming to the market, Zurich's shares have fallen sharply. Ecobric's shares had been suspended for several months prior to the acquisition and holders of its convertible loan stock sold heavily when trading was resumed. Sheppards, the stockbrokers who sponsored the issue but did not underwrite it, were also sellers of Zurich's shares.

Combined with a less favourable outlook for property development, these sales prompted shares to fall from the issue price of 75p to 38p at the end of 1988. Shares currently languish at 24p.

Mr McLaren said that Ecobric's losses "stemmed mainly from its demolition subsidiary LE Jones." Cash funds in excess of £1.6m have been used to support the demolition activities since September 1988. Ecobric Foundry also incurred substantial losses.



Fresh attack on Molins' board

By Ray Bashford

IEP SECURITIES, the UK investment vehicle of Sir Ron Brierley, the New Zealand businessman, yesterday launched a fresh attack on the management of Molins, the cigarette machinery manufacturer.

The offer document, supporting IEP's revised and increased 230p a share takeover bid which was announced earlier this week, claims that the board has presided over an "abysmal financial performance over the past five years."

The Molins board has forecast a pre-tax profit of £13m for the current year compared with £6m in the previous 12 months.

IEP holds 30.5 per cent of Molins' capital with most of the shares acquired in the run up to the company's first, and unsuccessful, offer at 300p cash a share in July 1987.

The outcome of the battle rests in the hands of institutions which control the majority of the outstanding shares.

Mr Michael Wright, the managing director of Molins, said IEP's document continues to misrepresent the issues and urged shareholders to reject the bid.

In the offer document, IEP alleges that Molins "erratic and poor profitability" has been exacerbated by large extraordinary losses and that the company's performance is being inflated by credits from pension fund surpluses.

In the past five years from January 1 1984 Molins' net dividend per share has grown by 21.5 per cent compared with a 115 per cent growth in the FTA All Share Index.

IEP also claims that Molins' net indebtedness has risen from £200,000 in 1986 to £15m last year while the net interest charge for the first half of the current financial year was £1.4m against £900,000 for the previous 12 months.

Stena sells part of its Sea Containers holding

By Andrew Hill

STENA, the private Swedish ferry operator, has sold part of its holding in Sea Containers, the Bermuda-registered group which is the subject of a $1.02bn hostile bid from Stena and Tiphook, the UK container rental company.

The move indicated Stena's feeling that Sea Containers shares are fully valued, but the stock was still trading at about $66 in New York yesterday – $3 above the hostile cash offer.

Assuming full dilution, Stena's stake has now been reduced from about 6.2 per cent to 5.9 per cent of the Sealink ferries and containers group. Stena bought the holding before the bid was launched, at about $34 a share, and sold at between $66 and $66¾, realising a profit of just over $2m. It did not disclose who had bought the 62,400 shares.

Stena suggested it was considering a partial disposal of its stake in a filing to the New York regulatory authorities three weeks ago.

Since then Stena and Tiphook have increased their joint bid from $50 a share to $63.

High interest and debt cut Robert Lowe profit

By Nigel Clark

ROBERT H. Lowe, maker and distributor of leisure and children's wear, blamed high interest rates and extra debt taken on with its acquisition of Babygro for a 26 per cent fall in interim pre-tax profits to £551,000.

Turnover boosted by acquisitions, including Babygro, rose to £18.36m (£12.33m) and trading profit came out at £1.2m (£873,000). However, interest charges increased to £652,000 (£125,000) as result of increased borrowings inherited from the Babygro purchase.

The company added that it is to receive an unspecified ex-gratia payment in satisfaction of claims arising from undertakings relating to Babygro which were given at the time of the acquisition.

Two directors, Mr Eric Peacock, former chairman and chief executive of Babygro, and Mr Jerry Coulter, former managing director, have resigned without compensation. Mr Peacock had a service contract which could be terminated on June 30 next year.

Mr Derek Hill, chief executive, said he could give no further details as the deal was subject to a confidentiality agreement. The amount, however, would go to reserves.

Mr Ernest Cummins, chairman, said that the problems of excess capacity at Babygro had been addressed but results continued to be depressed by retailer resistance to attempts to improve margins.

Of the other recent purchases Lewing's results were less than expected because of the loss of an order to China and Morrell Packaging profits were highly satisfactory.

A maintained interim dividend of 1.25p has been declared from earnings per share of 4.67p (10.37p).

Baillie Gifford Shin assets rise

Net asset value at Baillie Gifford Shin Nippon stood at 125.8p at July 31 compared with 112.5p at January 31 1989. Diluted, the figures were 113.3p and 102.5p respectively.

Gross investment income for the six months to July 31 edged ahead from £54,410 to £59,744. After tax of £8,637 (£10,058) net losses for the period were £60,563 (£62,687) for losses per share of 0.38p (0.39p).

Directors said the outlook remained promising.

Myson shareholders approve directors' option changes

By Ray Bashford

THE BOARD of Myson, the central heating group, yesterday won shareholders' approval for proposals which will result in two directors receiving an additional £1.7m, despite opposition from two leading institutions.

An extraordinary general meeting in London voted in favour of Mr Ray Wheeler, the chairman and chief executive and Mr John Salkeld, his deputy, receiving altered option agreements and an extension to their service contracts.

The change to the option agreements was sought following the discovery that four executives had failed to exercise their options before their expiry date on July 8 this year. The company said that the options were not exercised "as the result of an oversight".

Shareholders were also told that the two directors "had been under the impression" that their service contracts had been altered in 1983 to extend their notice period from 12 months to 3 years.

However, as the director who Mr Wheeler and Mr Salkeld claim sanctioned the change is dead and no record of the change can been found, shareholders' approval was required for the extension.

The issue of the option agreement and service contract came to light as the company became a takeover target. Yale and Valor, the security and home products group, last month made an agreed offer for Myson which was topped shortly after by a £195.7m offer from Blue Circle, the diversified cement company.

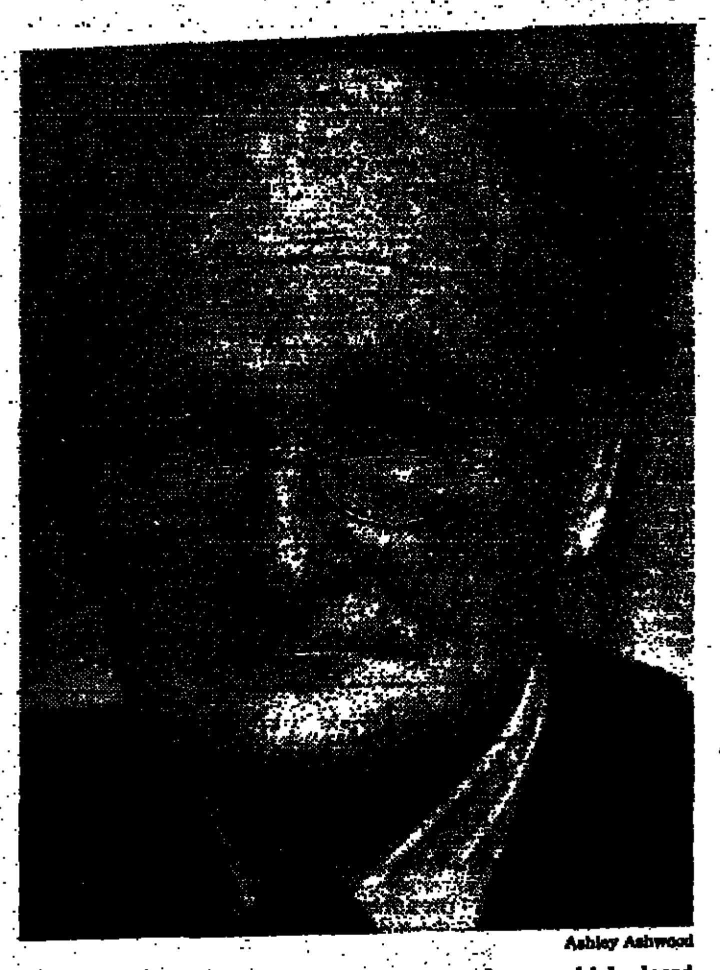
Blue Circle, with 29.9 per cent of Myson's capital, abstained from voting on either of the resolutions.

Senior executives of Postel, the manager of the British Telecom and Post Office Pension Fund and M&G Investment Management, voted against the service contract extension.

Mr Andrew Threadgold, chief executive of Postel which has a 2 per cent stake, told the meeting that he was opposing the proposal because there was no evidence to support the directors' claim that the change had been approved in 1983.

Mr James Shillingford, the managing director of M&G Investment Management, also said that he opposed the resolution because of the lack of proof that the agreement had been changed previously. The absence of documentation showed that "the correct procedure was not followed", he said.

The M&G and Postel voted in favour of the first resolution and paid tribute to the management skills of both directors.



Ashley Ashwood

Ray Wheeler, retaining options on 302,000 shares, which closed at 233p, and had his notice period extended to three years

Mr Wheeler is entitled to 302,339 options and Mr Salkeld 267,066 options and the other two directors a total of 69,153 options under the resolution at the meeting. Myson shares yesterday closed at 233p.

According to last year's annual report, Mr Wheeler received a salary of £125,000, compared with £90,000 in 1987 and Mr Salkeld £110,000.

The first resolution was supported by the votes of shareholders with 14.75m shares and was opposed by those with 2.3m shares and the second resolution was supported shareholders with 9.5m shares and opposed by those with 2.8m shares.

Hoylake has questioned the accounting policy of BAT's Eagle Star subsidiary

Incomprehension at an attempt to get near the truth

IT IS conventional for the two sides involved in a takeover battle to attack each others' accounts. This tactic was very much in evidence during Boots' recent £900m bid for Ward White and has also emerged in Hoylake's £13bn assault on BAT Industries.

While the wrangling over Ward White's figures focused on the impact of acquisition accounting on the quality of the company's figures, Hoylake has alighted on the abstruse area of accounting for the profits of Eagle Star, the insurance company BAT bought in 1984.

Hoylake claims that "accounting engineering" has added more than £500m in aggregate to BAT's pre-tax profits since the acquisition five years ago. According to Sir James Goldsmith's camp, these profits are distinctly "unorthodox" and devalue the quality of BAT earnings in general.

The attack has nettled BAT, clearly worried that investor incomprehension will lead to a general disquiet about the group's figures as a whole.

At the best of times, the "profit" made by a company is no more an accounting device designed to give those who are interested an indication of what income is left over after deducting all relevant costs in a given period. For composite insurance companies the calculation is especially complicated.

Insurance companies make their money in two distinct ways: first, premium income less any relevant expenditure; second, via income on investment held in reserve – either to meet claims that the insurance company knows it will have to meet, but not just yet, or claims that are statistically likely to arise over the course of the life of an insurance policy.

The first category of income is straightforward, the second is not. In assessing the total return that an insurance company makes from its portfolio of fixed interest securities such as gilts and bonds on the one hand, and property and equities on the other, one has to look at the total return – ie the aggregate return on the basis of both income (from dividends and the like) and capital appreciation.

How do you account for the long-term capital appreciation? UK insurers have tended to ignore it altogether, but a number of methods have been tried to resolve the problem.

Commercial Union, for example, has adopted the US practice of disclosing only realised investment gains below the line; General Accident, according to one broker, still "pretends capital appreciation doesn't exist", while a number of other companies such as Guardian Royal Exchange, Royal and Sun Alliance disclose some of the relevant information in a so-called appropriation account contained in the annual report.

What Eagle Star did was to credit the profit and loss account with both realised and unrealised gains. Clearly, an element of that figure was not available for distribution for shareholders and an appropriate adjustment would be made to the earnings per share figure. As a refinement to this, investment income is credited not as it actually arose in any given accounting period, but on a five-year moving average basis in order to smooth out the effect of volatile stock market prices.

The effect of this was indeed to boost BAT's reported pre-tax profits by a total of £500m plus since the acquisition of Eagle Star. Certainly, Eagle Star's reported profits were boosted in comparison with those of competitors – or rather, competitors' figures would appear artificially depressed.

Take for example, recent half-year figures from Royal Insurance. What was announced was a pre-tax profit of £119.6m; had investment income been credited for the period, that figure would have been increased by no less than £230m. Employing the "smoothing" approach used by Eagle Star – thus ironing out the effects of this year's good run in equities – the increase would have been £127m.

Eagle Star argues that is pointless to adopt the US approach – and indeed the approach likely to be recommended by the European Commission when it gets round to issuing a directive on insurance accounting – whereby only realised gains are credited. The argument here is that the insurer can easily massage its profits by selling off equities the day before the year-end.

The fundamental question is whether the presentational enhancement of profits if the Eagle Star approach is adopted really matters. Insurance analysts are sceptical: they argue that accounting for the insurance sector is so complex and so riddled with inconsistencies, that profits and earnings are virtually irrelevant when it comes to assessing the investment merit of an insurance company.

"The published profits of the composites do not tell the whole story," as Paul Hodges of Kitcat & Aitken put it in a paper soon after Eagle Star changed its approach, "since no allowance is made for the capital appreciation achieved by the companies. Consequently, p/e ratios are calculated on published earnings of dubious worth . . . based as they are on an earnings figure which gives an incomplete (and at times, wholly misleading) picture of a company's financial position."

What really matters is the dividend – a far better barometer of a company's financial position than some notional earnings.

Even if the Eagle Star approach is a valiant attempt to represent economic reality, it is not without its problems. Why, for example, opt for any "smoothing" at all, and why choose a five-year moving average rather than one over three or ten years? The aim is to iron out the ups and downs of the stock market: but why should shareholders be sheltered from such volatility? Moreover, the pre-tax profit figure has to be adjusted fairly dramatically to arrive at distributable earnings.

Given the level of disclosure, there seems nothing unreasonable about the Eagle Star approach. However, it is ironic that a policy designed to reflect the true return from the insurance business – therefore highlighting the excellence of BAT's move into financial services – provoked suspicion in the minds of the investing public. Even if this was prompted by little more than incomprehension, it was certainly a factor in keeping BAT on a lowly multiple in the years leading up to the bid from Sir James Goldsmith and his acolytes.

David Waller

Expected first half fall for Thos Jourdan

Thomas Jourdan, the consumer products group, yesterday reported a £333,000 profits downturn to £602,000 pre-tax for the first six months of 1989.

This follows a warning in May from company chairman Mr Keith Whitten that figures for the period were expected to be slightly lower. He added at the time, however, that the first half was traditionally volatile and not a reliable guide to the likely outcome for the full year.

First half turnover was little changed at £12.23m (£12.68m) and sales so far in the second half were continuing to show a confused pattern.

The directors said this reflected retailers' uncertainty over the strength of the consumer market for the remainder of 1989. The company was proceeding on the assumption that there would not be a dramatic upturn in general demand until interest rates fall and consumer confidence was re-established and had adjusted its cost structure accordingly.

Earnings for the opening half emerged at 2.27p (3.97p) and the interim dividend is a same-again 1.5p.

Isosceles to abandon Milton Keynes office

Following its acquisition of Gateway, the UK food retailer, Isosceles is to close Gateway's Milton Keynes office in order to save more than £2m.

The administration of the company will be controlled from the Gateway Foodmarkets head office in Bristol and in a small office to be established in London.

Isosceles said that the Milton Keynes closure would be carried out in a phased programme to be completed by October 31.

Rodime losses accelerate to $18m at nine months

RODIME, the Scottish-based computer disk drive maker and the subject earlier this year of a $68m rescue package, returned an operating loss of $7.59m (£4.8m) for the third quarter ending June 30. Although that was well up on the $5.12m reported for the corresponding period of the previous year it was nonetheless some $1.22m lower than the deficit returned for the second quarter ending March 31.

Operating losses for the nine months amounted to $18.19m (£7.63m). Turnover for the third quarter at $16.3m was significantly down on the 1988 third quarter of $29.87m and the March 1989 quarter of $21.14m primarily due to production delays at all three manufacturing locations.

The decision to cease disk drive production at the Boca Raton, Florida, manufacturing facility was implemented during the quarter and resulted in production shortfalls that could not be immediately taken up by Rodime's other two manufacturing facilities.

In addition, Rodime was involved in major vendor negotiations during much of the quarter which resulted in the rescheduling of some 52 per cent of total trade creditor balances to long-term maturities. This process created disruptions in supply which reduced the company's ability to meet its order book.

Telemetrix pays £7m for communications group

By John Ridding

TELEMETRIX, a manufacturer of electronic computer equipment, is buying the Trend Group, a privately owned communications business, for a total consideration of £6.6m.

Trend operates in a number of areas including telecommunications, services to private computer network operators, and secure communications. Customers range from Nato to British Telecom and Marks and Spencer.

In 1988, Trend made an operating profit of £800,000 on sales of £17.8m. Net assets at the end of the year stood at £3.2m. However, since the beginning of 1989, Trend's trading performance has been below expectations. A spokesman for Telemetrix said that this was the result of "uneven order patterns."

Mr Roy Cotterill, chairman of Telemetrix, said that "we intend to use Trend as a base for expanding our activities into the important European datacommunication market."

Telemetrix said the acquisition provided the opportunity to compete in European corporate communications and networking and to exploit the growing market for secure communications.

In addition, Trend's manufacturing and marketing base in telecommunication test equipment would provide a further source of growth which will be developed by acquisition and association.

The consideration for the acquisition comprises £2.3m in cash and the repayment of a £4.3m medium term loan. In addition, the vendors will be allowed to subscribe for 4.8m shares in Telemetrix priced at 56p and exercisable before July 1991. Yesterday, shares were unchanged at 47p.

A sense of community or a social conscience?

BROWN & WILLIAMSON, the US tobacco company which is part of BAT Industries, has had its head office in Louisville, Kentucky, since 1929.

Employees have always been encouraged to be "good corporate citizens", to play an active part in their community. In 1937, when two-thirds of the city on the Ohio River was flooded, it was in the office on the hill that thousands of Louisville residents were billeted.

Today, Sir James Goldsmith and his partners bidding for BAT Industries are seen from Louisville as unwanted intruders. Employees are concerned that the group's policy on the community, spelled out by Mr Patrick Sheehy, BAT chairman, a few years ago in a speech to the Louisville chamber of commerce, is threatened by the Hoylake bid.

"Those junk bonds will have to be paid for somehow. It could be from the community budget," is a view that is gathering strength.

BAT spends about £11m worldwide on community programmes. This is not money simply handed over to charities. Stemming from the US, where big companies tend to be much more committed to the community ideal, the group has evolved a policy described as one of "enlightened self-interest with the twin aims of creating a stable business environment and building a skilled workforce for the 1990s and beyond".

Decisions on the way that the broad policy is to be implemented are taken at the local level.

At Batus, the main US subsidiary, which also has its head office in Louisville, employees are encouraged to take part in programmes like Leadership Louisville.

This involves the selection each year of about 25 people to take part in a rigorous programme designed to turn them into community leaders. Several senior managers from Batus have gone through the course with people from all walks of Louisville life.

Batus also contributes to local projects on a more conventional basis, like $100,000 in the past five years to a school for dyslexic children. Marshall Field's, one of Batus' department store chains, sponsored a concert recently to help Aids sufferers.

Three years ago, Brown & Williamson introduced the Kool achiever awards (named after one of its cigarette brands) to reward individuals helping to make life more tolerable in inner cities.

Tobacco companies may have certain problems of conscience which these projects do something to alleviate. But other companies in the group are also sponsors and patrons of charities, the arts and education.

It has paid off in the sense of winning support against the bid from senators and congressmen from the states where BAT companies are based. Not that protection was the pretext. The community role comes more naturally for US companies.

In Britain, BAT has not openly played the community card. "Any credit we have got for our work in the community has been an unexpected bonus," says Mr Gerald Dennis, deputy chairman, and director responsible for community affairs.

He says he was surprised, and "immensely encouraged by people who have come forward, like the MPs who put down an early day motion, who I had not expected to be our natural supporters".

BAT in Britain was a more recent convert to community programmes than its subsidiaries in the US. In the last few years, it has got increasingly into the swing.

BAT's UK contributions (£)

	Charitable	Political*
1985	1.46m	6,500
1986	1.65m	6,500
1987	1.9m	11,500
1988	2.03m	6,500

*Aims of Industry and Centre for Policy Studies

First was the decision to fund and staff an enterprise agency in Southampton. Then came the Brunswick Enterprise Centre in Liverpool in 1982. A derelict fruit warehouse in the docks was converted into small workshops. BAT put in £1.1m. BAT had interests in both cities.

BAT's old head office was less than half a mile Brixton, in south London, which had been the scene of ugly riots. Unemployment was high, particularly among the ethnic minorities.

Opened in 1984, Brixton's enterprise centre was converted from a derelict department store in the neighbourhood and it now houses 100 small businesses employing 350 people. BAT put in over £2m, and earned one of the Lord Mayor of London's community awards this year.

Mr Dennis relates with some relish how BAT managers learned to get along with left-wing Lambeth council, its partners in the venture. Likewise, Liverpool, which was considered a tough nut and therefore all the more satisfying when it succeeded.

Allied Dunbar, although part of the group, continues to operate its community policy quite independently. It is one of the biggest financial contributors among British companies. The staff charity fund, to which 70 per cent of staff covenant, won another of the Lord Mayor's awards this year.

The exception to the low-key policy, perhaps, was the decision to back one of the new city technology colleges (CTCs) – schools desiged to raise standards of education in the inner cities – which opens in Teesside next month.

The CTC policy is still controversial. Local education authorities are mostly against them. But BAT is sponsoring the school to the tune of £1m, and will provide the chairman of the board of governors.

Hazel Duffy

COMPANY NEWS IN BRIEF

AIM GROUP: Recent rights issue taken up in respect of 1m new ordinary (94.5 per cent) of that part of the issue not subject to the placing described in a circular to shareholders on July 14. Accordingly, 97.8 per cent of the shares issued have either been acquired by institutional investors or their renouncees. The remaining 57,931 not taken up have been sold in the market at an average of 49p per share.

AMERICAN DISTRIBUTORS' US subsidiary, Golden Holding, is to pay $9.85m (£6.25m) cash for Maryland-based Capital Cigar and Tobacco, bringing the group's annual sales to $750m.

CSC INVESTMENT Trust: Net asset value 193.41p at June 30, up from 180.85p a year earlier. Earnings per share for first half of 1989 were 3.46p (5.03p). Interim dividend is maintained at 4.2p.

EWART is proposing a one-for-five scrip issue and a share buy-in.

HIGHGATE & JOB is to acquire Multicote Painting Contractors for £2.18m in shares, cash and 6 per cent convertible redeemable unsecured loan stock 1995-99. For the year to March 31 1989 Multicote had a turnover of £761,000 and operating profits of £135,000. Net assets at year-end amounted to £209,000.

INTERNATIONAL COMMUNICATIONS & Data is selling its premium telephone services division, Telephone Information and Communication, to Maxwell Consumer Publishing and Communications. MCPC will pay an initial consideration in excess of £550,000 and ICD will provide MCPC with services for five years. In return, ICD will receive a share in future profits of TIC.

MMC CLEARANCE: The proposed acquisition by Marina Development Group of the marina and property assets of Dean and Dyball will not be referred to the MMC.

MY HOLDINGS is changing its year end from December 31 to August 31 to bring it in line with its parent company, Tawneydown.

ROBERTSON GROUP is planning to float its mining finance subsidiary, Plateau Mining Finance, on the London Stock Exchange during the current financial year, annual meeting told.

UK COMPANY NEWS

The leading man with the credit for pushing Boots

Maggie Urry profiles Sir James Blyth, who has just pulled off the £900m takeover of Ward White

SIR JAMES Blyth is an extremist. He loves, he hates. Things are fantastic, tremendous, great fun.

This week the effect this enthusiasm has had on Boots, which he joined as chief executive in November 1987, was demonstrated when it won its £900m hostile bid for Ward White. "Ward White is going to prove to be a fantastic acquisition for Boots. It will change the company forever," Sir James explains.

The tactics of the bid itself were an example of the Blyth style – a crafty changing of the normal bid timescale and a refusal to over-pay kept Ward White on the back foot.

A couple of years ago the City was convinced that Boots – the pharmaceutical manufacturer and retail chemist – was too sleepy ever to break away from its rather dull image. Boots, the stockbrokers' analysts were saying, will be taken over.

Now those analysts admit that Boots has changed. Its retail profits have risen faster than they thought possible, and it has tackled and resolved what had seemed intractable problems – like its long-running difficulties in Canadian retailing.

The final sign that things were different came when the bid for Ward White, a do-it-yourself and car parts retailer, was launched in early July. Boots' directors could barely remember the last time an aggressive takeover had been attempted.

Ever grudging, the analysts say that the groundwork for Boots' revitalisation had already been laid before Sir James arrived. Sir James, they add, was only brought in because Boots recognised it needed to change. So, they say, he cannot really take the credit.

"He's a great talker," says one, "but it remains to be seen if there is any real substance behind the talk."

However most do agree that the Ward White bid would not have happened without Sir James, though that is not to say that all the analysts are convinced that the bid was the right move.

If anyone can convince them it will be Sir James himself. His reputation is as a great salesman. He manages to tell his story without apparently hyping, but with frequent indiscretions. And he is a man of considerable charm and candour who seems to want to be liked.

Born into the working class in May 1940 in Kilbirnie, a small steel town in Ayrshire, his parents divorced when he was eight, leaving his mother to bring up him and two younger siblings. He went to a local grammar school and on to Glasgow University, where he boxed and played rugby. His first job after leaving university with a history degree in 1963, was with Mobil Oil, developing the petrol station network.

Sir James Blyth: Ward White is going to prove a fantastic acquisition for Boots. It will change the company forever

"I spent nearly three years of my life stocking shelves, working out promotional displays and all that. I found I loved selling – I still do," Sir James enthuses.

His career took him through General Foods and Mars, where he learned more about consumer goods marketing. At General Foods he worked with a group of young product managers, all of whom seem to have gone on the greater things, such as Mr Peter Davis, now head of Reed International. "It was a fantastic bunch – we had a lot of fun," continues Sir James.

He moved to Mars for three times as much money, he says, perhaps exaggerating, and admits that "money is important to me" although not as much now as it was then. Towards the end of his time there he launched a fast food shop which copied McDonald's formula – McDonald's had hardly arrived in Europe then – called Crocketts. He says it "failed in the biggest possible way".

He switched, at 34, to Lucas, where he headed the batteries division, putting a new spark into profits in three years, and then moved into Lucas' aerospace division where, from his recounting of the tale, he appears to have worked another miracle.

At the age of 41 he and Lucas were persuaded, against his inclination, that he should be seconded to the Ministry of Defence to head overseas defence sales, and take a pay cut. Nevertheless, once in, he "wouldn't have missed it for worlds" and learned a lot, he says, about working the government machine.

While there he won – with some help from an energetic Mrs Margaret Thatcher, the prime minister, and Mr Michael Heseltine, then in charge of defence – the £4bn Tornado order from Saudi Arabia.

But after four years in the civil service, a year longer than he agreed to stay, and with his knighthood, he decided to leave. "And that's when I made the mistake of going to lunch with Sir John Clark," he confesses. He joined Sir John's company, Plessey, in November 1985.

He will say no more – on the record – about his time at Plessey, where he shot to prominence, being made managing director in February 1986, two months after General Electric Company's bid.

Called heir apparent at the time, Sir James is believed to have found Sir John unwilling to hand over the reins. He also incensed Sir John when he attempted to cut spending on the wider research projects.

He left in October 1987, poached by Boots. When he agreed to talk to Mr Robert Gunn, Boots chairman and then chief executive, and the rest of the team, he says: "I liked them."

Mr Gunn wanted to give up the chief executiveship and stand back. Sir James claims an excellent relationship with him: "we've never had a single business dispute," he says. "Boots," he suggests, "had a staid exterior, but it has the brightest board I've ever worked with."

He says he speeded up the pace of change at Boots, and encouraged existing management talent to do what needed to be done, such as removing layers of management structures, taking out costs, and untangling the manufacturing and retailing businesses.

He believes he has the talent of getting the best out of people. "I actually like managing people. I love running meetings," he says.

Arriving at a company as a new chief executive, he advises, "you must not destroy the culture, but take what is there and manage that more efficiently. You can bring in one or two guys but ideally not your own men."

Asked if the adjective tough, which is usually affixed to him, is fair, he acts surprised and says: "I don't think I'm autocratic." Perhaps autocrats never do.

But he clearly has no time for managers who are not tough. One company he went to was, he says, riddled "with the weaknesses of a weak management."

A hard worker, he expects others to be the same. After winning the bid on Tuesday, he spent Wednesday helicoptering around the Ward White empire, and left his wife to move house on Thursday.

What is it in him that made him what he is today? Is it the Scottish working-class background, the struggles of his early life? "That's all garbage. I just hate losing, that's what really irritated me about Plessey." He clenches his fists, and is perhaps, thinking of his boxing past and of Sir John Clark.

Charterhall set to unveil bid for Textured Jersey

By Alice Rawsthorn

CHARTERHALL, the investment company headed by Mr Russell Goward, the aggressive Australian financier, is expected next week to unveil a bid for Textured Jersey, the textile company.

Textured Jersey's shares were suspended on the London stock market yesterday. Two weeks ago the company announced that it had received an approach that might lead to an offer. Its shares have risen from 140p before the announcement, to the suspended price of 184p which capitalises it at £7m.

Charterhall refused to comment on whether or not it intended to stage a bid. But it is understood to have been in discussions with Textured Jersey for several weeks and to be putting the finishing touches to the terms of the deal.

Textured Jersey specialises in the production of knitted fabrics and is a significant supplier to the Marks and Spencer retail group. In recent months it has performed poorly reflecting the problems of the UK textile industry. Earlier this summer it announced a fall in pre-tax profits from £1.33m to £970,000 in the year to April 30.

Charterhall has been involved in a string of stock market deals since Mr Goward took the helm two years ago. It has emerged as a leading player in footwear retailing, by buying Allebone and Lennards. Late last year it moved into textiles by buying Corah, the troubled East Midlands textile group.

Mr Goward has made no secret of the fact that he intends to use Corah as a base for expansion in the textile industry. Earlier this week he told a press conference in Sydney that he would soon announce another acquisition in UK textiles.

Conroy Petroleum loss rises to I£144,000

FOR THE six months ended February 28 1989 losses of Dublin-based Conroy Petroleum and Natural Resources rose from I£73,000 to I£144,000 (£125,000) at the pre-tax level.

Loss per 5p share of the USM-quoted company worked through 0.22p higher at 0.46p.

The directors said the appointment of independent consultants to complete a final feasibility study and prepare a planning application for submission to Kilkenny county council was imminent.

They added that other parallel investigations had also been concluded, including the geotechnical appraisal of the Dresbody Host Rock.

And the environmental baseline data gathering programme was nearing completion and hydrogeological investigations were at an advanced stage.

Hugh Mackay falls in the red at midway

HUGH Mackay, the Durham-based carpet manufacturer, fell into the red in the first half of 1989 with pre-tax losses of £152,000, against profits of £170,000 last time.

The company said that its lower turnover of £13.69m (£15.78m) was largely because of high UK interest rates.

Interest payable more than doubled to £346,000 (£152,000) and, after a tax credit of £82,000 (charge £249,000), losses per share were 1.04p (earnings 7.6p) basic and 0.99p (earnings 7.22p) fully diluted.

The interim dividend is maintained at 2p-last year's total amounted to 7p.

Expanding Hays set for an October flotation

By Clare Pearson

THE STOCK market flotation of Hays, the business services group, is scheduled to take place in mid-October, Mr Ronnie Frost, chairman, said yesterday.

When it floats, Hays plans to raise between £150m and £200m via an offer for sale – by far the largest amount raised in this way on the market so far this year.

The issue should value the company at £400m to £450m. Hays has interests in personnel, office support and specialised distribution services and emerged in its present form via a management buy-out from the Kuwait Investment Office.

Virtually all of the proceeds will go to repay borrowings, which stood at about £173m at the end of June.

The company is engaged in diverse areas ranging from supplying accountancy personnel to overnight parcels delivery and chemicals distribution. But Mr Frost said: "The message I want to get across is Hays is all about business services and contracting out". He added that he wished there were a services sector on the market which Hays could join.

Mr Frost said profits before interest charges had risen to more than £50m, up from £36.58m, in the year to end-June. He said: "I would like to think we would float on a p/e of towards 15."

A flotation at the scheduled time would come almost exactly two years after the £255m management buy-out, which was announced the day after the stock market crashed in October 1987.

It was an unusual MBO in that the KIO had granted Mr Frost first option to buy when he sold his frozen foods business to Hays, and then took control of it, four years before. Hays is also unusual in already having a large number of institutional investors – some 73.

It has a strong profits record. In the period since 1983, profits have risen from just under £10m, with the advance divided about evenly between organic growth and acquisitions. Return on capital is now about 50 per cent.

It has spent about £125m on acquisitions since 1983, at a steady pace, and intends to maintain this rate of expansion after its flotation. Almost entirely UK-based, it intends to search for expansion opportunities in Continental Europe, where it currently has small operations such as a document delivery service in Madrid and Barcelona.

Chemicals distribution is high on the list of activities Hays wants to develop in Europe, and the geographical focus is Germany, France and Spain, Mr Frost said.

The company is the largest packaged distributor of chemicals in the UK and claims a number of other market leadership positions. These include Accountancy Personnel and Rentacrate, which supplies containers for offices and retailers.

The split of business is about 45 per cent for distribution and 35 per cent for personnel, with office support making up the balance.

He said Hays had detected "no effects whatsoever" from slower UK economic growth so far on its operations.

J. Henry Shroder Wagg is advising on the flotation.

Scottish Ice loss increases

Despite a rise in turnover from £28,000 to £78,000, losses at the pre-tax level at The Scottish Ice Rink Company (1928) rose from £8,000 to £163,000 in the half-year to March 31. The company's shares were suspended on November 30.

After tax of £19, losses per share increased to 2.4p (0.1p). There was an extraordinary debit of £63,000 (nil).

Tilley into the red

Tilley International dropped into losses in the six months to March 31. With turnover slipping from £504,000 to £412,000, losses at the pre-tax level were £5,901, against profits of £1,284.

MARKET STATISTICS

BANK RETURN

BANKING DEPARTMENT	Wednesday August 23, 1989		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	94,589,579	+	1,213,714
Bankers Deposits	1,537,544,734	+	25,160,874
Reserve and other Accounts	2,116,638,562	-	72,087,858
	3,763,325,875	-	45,713,470
ASSETS			
Government Securities	906,296,529	-	81,985,000
Advances and other Accounts	1,086,120,499	+	246,638,117
Premises Equipment & other Secs	1,761,509,196	-	208,686,390
Notes	9,194,086	-	1,682,584
Coin	205,565	+	4,367
	3,763,325,875	-	45,713,470
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,240,805,914	+	161,682,584
Notes in Banking Department	9,194,086	-	1,682,584
	15,250,000,000	+	160,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	13,468,927,338	+	265,015,692
Other Securities	1,770,057,562	-	105,015,692
	15,250,000,000	+	160,000,000

ECONOMIC DIARY

TODAY: Mr Michel Rocard, French Prime Minister, visits Mururoa atoll, France's nuclear testing site.

TOMORROW: Notting Hill Carnival. Edinburgh Television Festival (and Monday)

MONDAY: Organisation of African Unity starts three-day meeting in Cairo to step up pressure for an international conference on Africa's $240bn foreign debt, which the OAU says its members cannot repay. South Africa's acting President, Mr F.W. de Klerk, meets Mr Kenneth Kaunda, President of Zambia. Foreign Ministers of 19 nations, including US and Soviet Union, expected to attend final session of Cambodia conference, Paris. Special Greek parliamentary committee to recommend whether former Premier Papandreou should face criminal charges in bank scandal.

TUESDAY: Confederation of British Industry monthly trends enquiry for August. Department of Transport publishes figures for new vehicle registrations in July. French trade balance figures for July. US GNP Q2 revision. Pearson interim report; finals from Adwest Group, Bank of Nova Scotia.

WEDNESDAY: Bank of England publishes figures for July sterling commercial paper. Department of Employment issues June figures for overseas travel and tourism. US figures for personal income in July. French final CPI for July, and Q2 national accounts. Interims from Brickwood Hodge, Ladbroke Group, Steel Burrill Jones Group. Arts Council statement on regional development strategy. Canadian Prime Minister Mr Brian Mulroney meets US President Mr George Bush at Kennebunkport, Maine. Opposition parties in India call for a nationwide strike against Prime Minister Gandhi's government.

THURSDAY: June energy trends from the Department of Energy. July figures from the Bank of England for London sterling certificates of deposit; monetary statistics (including bank and building society balance sheets); and bill turnover statistics. President Kurt Waldheim will receive Thailand's Crown Prince Maha Vajiralongkorn during the Prince's official visit to Austria (until September 4). Interims from Butler Cox, Cadbury Schweppes, Guardian Royal Exchange, and Slough Estates.

FRIDAY: Central Statistical Office publishes first quarter company liquidity survey. US August employment data, and NAPM survey. President Francois Mitterrand of France visits UK for talks with Mrs Margaret Thatcher, Prime Minister. He will be accompanied by Mr Roland Dumas, French Foreign Minister, who will have separate talks with Mr John Major, Foreign Secretary. Interims from Church & Co, A. Jones & Sons; finals from Consolidated Plantations Berhad. Foreign Ministers from non-aligned countries meet in Belgrade before summit starts on September 4. Launch of UK National Rivers Authority. Mr Toshiki Kaifu, new Prime Minister of Japan, and Mr Taro Nakayama, Japanese Foreign Minister, meet US President Mr George Bush in Washington.

EUROPEAN OPTIONS EXCHANGE

Series		Vol	Last	Vol	Last	Vol	Last	Stock
		Nov. 89		Feb. 90		May 90		
Gold P	$370	326	12.40	5	12.50	-	-	$360.25
		Sep. 89		Dec. 89		Mch. 90		
Silver P	$500	-	-	112	14	-	-	$514
		Sep. 89		Oct. 89		Jan. 90		
EOE Index C	Fl. 315	352	8.30	-	-	-	-	Fl. 319.71
EOE Index C	Fl. 320	483	5.30	64	9.10	15	16.50	Fl. 319.71
EOE Index C	Fl. 325	1430	3.20	48	7	-	-	Fl. 319.71
EOE Index C	Fl. 330	545	1.70	213	5	40	10.50 b	Fl. 319.71
EOE Index C	Fl. 335	1828	1	2	3.50	-	-	Fl. 319.71
EOE Index P	Fl. 300	-	-	205	2	50	5	Fl. 319.71
EOE Index P	Fl. 310	153	1.90	128	4.50	5	7.20	Fl. 319.71
EOE Index P	Fl. 315	796	3.30	70	5.50	-	-	Fl. 319.71
EOE Index P	Fl. 320	308	5.20	164	8	1	9.50 b	Fl. 319.71
EOE Index P	Fl. 325	331	8	159	10 b	-	-	Fl. 319.71
EOE Index P	Fl. 330	312	11.50	8	13.50 a	4	15.50	Fl. 319.71
EOE Index P	Fl. 340	-	-	84	20	-	-	Fl. 319.71
		Sep. 89		Oct. 89		Nov. 89		
$/Fl C	Fl. 215	42	6.25	4	7.30	-	-	Fl. 220.58
$/Fl C	Fl. 225	55	1.10	4	2.60	-	-	Fl. 220.58
$/Fl C	Fl. 230	150	0.50	-	-	-	-	Fl. 220.58
$/Fl P	Fl. 210	60	0.70	3	1.10	-	-	Fl. 220.58
$/Fl P	Fl. 215	47	1.20	4	2.50	-	-	Fl. 220.58
$/Fl P	Fl. 220	57	2.50	3	4.10	1	5.30	Fl. 220.58
		Oct. 89		Jan. 90		Apr. 90		
ABN C	Fl. 45	455	1.30	99	2.40 b	72	3.60 b	Fl. 44.10
ABN P	Fl. 45	53	1.70	35	2.20	-	-	Fl. 44.10
Ahold C	Fl. 140	116	8 b	19	10.50	5	14	Fl. 144.30
Ahold P	Fl. 110	-	-	100	0.50	-	-	Fl. 144.30
Akzo C	Fl. 150	198	3	48	6	6	8.50	Fl. 146.10
Akzo P	Fl. 150	26	5.50	218	7.10	4	8.30 a	Fl. 146.10
Amev C	Fl. 55	176	4.10	-	-	-	-	Fl. 57.70
Amro C	Fl. 95	-	-	46	2.20	-	-	Fl. 87
DAF N.V. C	Fl. 60	834	1.60 b	27	3.20	1	4.50	Fl. 55.80
DAF N.V. P	Fl. 55	155	1.80	5	2.90	3	3.50	Fl. 55.80
N.V. DSM C	Fl. 140	225	1.80	57	5.20 b	2	9	Fl. 129.80
N.V. DSM P	Fl. 125	65	2.50	9	4.60	-	-	Fl. 129.80
Elsevier C	Fl. 80	127	4.30	20	6.60	-	-	Fl. 81.90
Elsevier P	Fl. 80	117	2	10	3.20	-	-	Fl. 81.90
Gist-Broc. C	Fl. 35	835	1	275	2.60	20	3.70	Fl. 33.70
Gist-Broc. P	Fl. 35	1025	2.30	112	3.10	41	3.60	Fl. 33.70
Heineken C	Fl. 130	95	7.60	68	11	5	12	Fl. 135.80
Heineken P	Fl. 120	244	0.90	32	2	-	-	Fl. 135.80
Hoogovens C	Fl. 110	1742	7.50	48	12.20	-	-	Fl. 107.70
Hoogovens P	Fl. 100	1430	4.50	73	7.10	36	8.50	Fl. 107.70
KLM C	Fl. 50	251	5.30 b	24	6.70	-	-	Fl. 55.40
KLM P	Fl. 55	54	2.80	22	3.60	5	4	Fl. 55.40
KNP C	Fl. 60	52	1.20	158	3	7	3.80	Fl. 55.60
KNP P	Fl. 50	160	0.30	-	-	-	-	Fl. 55.60
NEDLLOYD C	Fl. 94	1111	2	88	4.70	3	7.50 a	Fl. 89.30
NEDLLOYD P	Fl. 80	125	0.60	750	2.50	-	-	Fl. 89.30
NMB P	Fl. 280	44	6	-	-	-	-	Fl. 281.20
Nat.Ned. C	Fl. 70	451	2.40	143	4.50	18	6.20	Fl. 69.90
Nat.Ned. P	Fl. 70	32	2	295	2.50	4	3	Fl. 69.90
Philips C	Fl. 45	333	0.70	654	1.60	49	2.80	Fl. 41.50
Philips P	Fl. 35	1120	0.30	-	-	6	1.40	Fl. 41.50
Royal Dutch C	Fl. 150	622	2.30	208	5.10	23	7.50	Fl. 146
Royal Dutch P	Fl. 150	5	7.70	61	8.30 b	-	-	Fl. 146
Unilever C	Fl. 160	262	5.90	424	8.20	12	11.20	Fl. 162
Unilever P	Fl. 150	350	0.80	118	2.30	8	3.50	Fl. 162
Van Ommeren C	Fl. 55	668	0.10	-	-	-	-	Fl. 34.50
Van Ommeren P	Fl. 45	713	10.50	53	10.50 b	6	10.60	Fl. 34.50
Wessanen C	Fl. 105	-	-	100	2.20	-	-	Fl. 95.40

TOTAL VOLUME IN CONTRACTS : 60,381

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	14	Clydesdale Bank	14	NatWestminster	14
Adam & Company	14	Comm. Bk N. East	14	Northern Bank Ltd	14
AAB - Allied Arab Bk	14	Co-operative Bank	*14	Norwich Gen. Trust	14
Allied Irish Bank	14	Coutts & Co	14	PRIVATbanken Limited	14
● Henry Ansbacher	14	Cyprus Popular Bk	14	Provincial Bank PLC	15
Associates Cap Corp	14	Dunbar Bank PLC	14	R. Raphael & Sons	14
Authority Bank	14	Duncan Lawrie	14	Roxburghe G'rantee	14½
● B & C Merchant Bank	14	Equatorial Bank plc	14	Royal Bk of Scotland	14
Bank of Baroda	14	Exeter Trust Ltd	14½	Royal Trust Bank	14
Banco Bilbao Vizcaya	14	Financial & Gen. Bank	14	● Smith & Williamson Secs.	14
Bank Hapoalim	14	First National Bank Plc.	15	Standard Chartered	14
Bank Credit & Comm.	14	● Robert Fleming & Co.	14	TSB	14
Bank of Cyprus	14	Robert Fraser & Ptnrs.	14½	United Bk of Kuwait	14
Bank of Ireland	14	Girobank	14	United Mizrahi Bank	14
Bank of India	14	● Guinness Mahon	14	Unity Trust Bank Plc	14
Bank of Scotland	14	HFC Bank plc	14	Western Trust	14
Banque Belge Ltd	14	● Hambros Bank	14	Westpac Bank Corp.	14
Barclays Bank	14	Heritable & Gen Inv Bk	14	Whiteaway Laidlaw	14
Benchmark Bank PLC	14	● Hill Samuel	14	Yorkshire Bank	14
Berliner Bank AG	14	C. Hoare & Co.	14		
Brit Bk of Mid East	14	Hongkong & Shanghai	14		
● Brown Shipley	14	● Leopold Joseph & Sons	14		
Business Mtge Tst	14½	Lloyds Bank	14		
CL Bank Nederland	14	Meghraj Bank Ltd	14		
● Charterhouse Bank	14	McDonnell Douglas Bank	14		
Citibank NA	14	Midland Bank	14		
City Merchants Bank	14	Mount Banking	14		
		Nat Bk of Kuwait	14		

● Members of British Merchant Banking & Securities Houses Association. * Deposit rate 5.9%. Sureties 8.5%. Top Tier-£10,000+ instant access 12.8% & Mortgage base rate. † Demand deposit 9%. Mortgage 13.25% - 15%

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Friday August 25 1989

Figures in parentheses show number of stocks per section

		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Thu Aug 24 Index No.	Wed Aug 23 Index No.	Tue Aug 22 Index No.	Year ago (approx.) Index No.	1989 High		1989 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (207)	998.08	-0.5	10.78	4.07	11.38	20.88	1002.97	1004.65	1003.55	771.61	1012.97	18/8	775.54	3/1	1038.07	16/7/87	50.71	13/12/74
2	Building Materials (29)	1179.73	-1.7	12.70	4.51	9.80	26.47	1200.22	1212.87	1209.59	973.98	1287.14	19/5	939.06	3/1	1381.08	16/7/87	44.27	11/12/74
3	Contracting, Construction (37)	1570.45	-1.0	15.22	4.56	8.58	33.67	1586.16	1593.64	1598.16	1535.79	1801.66	14/3	1468.31	3/1	1951.50	16/7/87	71.48	2/12/74
4	Electricals (9)	2995.49	-0.3	8.26	3.95	15.07	52.79	3005.85	3005.80	3027.03	2095.48	3027.03	22/8	2294.30	3/1	3027.03	22/8/89	84.71	25/6/62
5	Electronics (30)	2228.12	-0.6	8.72	3.36	14.86	47.99	2241.72	2248.42	2246.18	1678.44	2308.22	19/5	1776.44	3/1	2308.22	19/5/89	1229.01	8/10/85
6	Mechanical Engineering (56)	545.82	.....	9.86	4.06	12.36	10.58	545.87	544.84	543.65	408.07	558.05	20/7	406.34	3/1	558.05	20/7/89	45.43	5/1/75
8	Metals and Metal Forming (6)	533.74	+0.6	19.29	5.62	5.72	14.84	530.61	529.69	526.68	465.52	562.47	19/5	452.62	3/1	596.67	9/10/87	49.65	6/1/75
9	Motors (17)	369.28	+0.5	10.40	4.18	11.25	8.25	367.53	368.39	368.18	270.74	369.28	25/8	258.24	3/1	411.42	13/10/87	19.91	6/1/75
10	Other Industrial Materials (23)	1860.43	-0.2	8.36	3.77	14.28	34.02	1863.60	1853.55	1851.33	1266.88	1881.53	18/8	1311.63	3/1	1881.53	18/8/89	277.55	15/1/81
21	CONSUMER GROUP (185)	1391.46	+0.2	7.80	3.07	16.09	22.10	1389.00	1388.76	1382.16	1051.67	1391.46	25/8	1016.74	3/1	1406.32	16/7/87	61.41	13/12/74
22	Brewers and Distillers (22)	1539.72	-0.6	8.64	3.18	14.47	25.65	1548.56	1561.77	1544.53	1083.01	1561.77	23/8	1112.42	3/1	1561.77	23/8/89	69.47	13/12/74
25	Food Manufacturing (20)	1213.26	+0.5	8.35	3.44	14.99	21.04	1207.16	1198.70	1193.98	946.22	1213.26	25/8	926.84	3/1	1213.26	25/8/89	59.67	11/12/74
26	Food Retailing (14)	2674.71	-0.2	7.47	2.58	17.70	38.37	2680.07	2665.50	2645.66	1926.96	2680.07	24/8	1784.64	3/1	2680.07	24/8/89	54.25	11/12/74
27	Health and Household (14)	2667.50	+0.8	5.51	1.54	21.39	22.32	2645.68	2653.31	2655.13	1784.23	2667.50	25/8	1778.20	3/1	2699.85	16/7/87	175.38	28/5/80
29	Leisure (33)	1792.57	-0.1	7.01	3.12	17.68	31.23	1794.58	1788.92	1768.98	1316.48	1794.58	24/8	1346.22	3/1	1794.58	24/8/89	54.83	9/1/75
31	Packaging & Paper (15)	612.88	+0.1	9.54	4.05	13.23	9.63	612.30	612.85	615.02	500.15	623.62	7/8	523.08	3/1	739.48	16/7/87	43.46	6/1/75
32	Publishing & Printing (19)	3868.04	+0.2	8.22	4.30	15.68	88.95	3861.88	3869.02	3892.33	3387.42	3916.24	8/2	3236.76	4/1	5078.66	5/10/87	55.08	6/1/75
34	Stores (33)	901.62	+0.3	9.56	4.08	13.65	17.02	898.93	896.28	891.32	769.66	911.11	7/8	679.97	3/1	1160.58	29/7/87	52.63	6/1/75
35	Textiles (15)	584.63	-0.1	10.23	4.97	11.71	15.36	585.30	585.46	582.49	562.01	585.46	23/8	464.58	0/0	914.52	2/10/87	62.66	11/12/74
40	OTHER GROUPS (93)	1218.18	.....	9.58	3.95	12.67	23.13	1218.79	1214.43	1210.29	871.85	1220.79	9/8	896.15	3/1	1220.79	9/8/89	58.63	6/1/75
41	Agencies (17)	1593.77	-0.3	6.67	2.22	18.50	22.79	1598.88	1597.34	1583.02	1062.74	1620.36	16/8	1030.84	3/1	1795.57	17/7/87	870.35	4/12/87
42	Chemicals (22)	1358.17	-0.2	10.93	4.57	10.79	40.83	1361.49	1369.79	1354.42	1022.43	1370.94	11/8	1026.37	3/1	1545.46	5/10/87	71.20	1/12/74
43	Conglomerates (13)	1761.84	-0.1	9.71	4.63	12.12	28.35	1763.60	1774.50	1772.31	1179.98	1819.46	11/8	1254.94	3/1	1819.46	11/8/89	975.19	10/11/87
45	Transport (13)	2455.85	+0.8	8.53	3.68	15.22	40.89	2437.03	2408.69	2401.84	1880.27	2554.69	12/7	1836.25	4/1	2554.69	12/7/89	90.80	29/6/62
47	Telephone Networks (2)	1127.73	+0.3	10.86	4.40	12.00	22.38	1124.52	1124.08	1120.88	925.97	1179.42	18/5	1002.43	3/1	1274.14	9/6/87	517.92	30/11/84
48	Miscellaneous (26)	2019.98	-0.6	8.60	3.15	13.12	29.84	2031.50	1990.56	1995.51	1202.34	2087.06	11/7	1183.56	5/1	2087.06	11/7/89	60.39	6/7/75
49	INDUSTRIAL GROUP (485)	1257.31	-0.1	9.08	3.58	13.58	22.74	1258.10	1257.28	1253.80	941.80	1258.10	24/8	935.74	3/1	1268.86	16/7/87	59.01	13/12/74
51	Oil & Gas (15)	2199.50	+1.2	9.72	5.08	13.65	73.67	2172.93	2161.18	2159.70	1717.99	2199.50	25/8	1725.48	8/0	2458.68	16/7/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1337.75	+0.1	9.17	3.78	13.59	26.89	1336.40	1334.73	1330.64	1007.78	1337.75	25/8	1002.81	3/1	1369.88	16/7/87	63.49	13/12/74
61	FINANCIAL GROUP (122)	823.41	+0.1	–	4.98	–	23.03	822.37	808.77	802.60	670.52	823.41	25/8	670.86	3/1	896.67	13/10/87	55.88	13/12/74
62	Banks (9)	846.87	+0.3	20.40	5.89	6.44	33.83	844.64	820.87	813.71	637.91	846.87	25/8	657.74	3/1	898.38	16/7/87	62.44	12/12/74
65	Insurance (Life) (8)	1251.43	+0.5	–	4.78	–	29.86	1245.13	1227.83	1219.51	1010.77	1251.43	25/8	933.96	5/1	1285.72	9/10/87	44.88	2/1/75
66	Insurance (Composite) (7)	659.82	+0.1	–	5.63	–	18.82	659.40	645.63	629.02	526.38	659.82	25/8	528.72	3/1	787.58	13/10/87	43.96	13/12/74
67	Insurance (Brokers) (7)	961.12	-0.7	7.82	6.46	17.09	31.89	967.78	969.20	964.03	951.98	1071.22	8/2	916.68	3/1	1399.56	17/7/87	65.86	16/12/74
68	Merchant Banks (10)	386.11	+1.8	–	4.11	–	7.36	379.25	372.26	369.91	341.09	386.11	25/8	318.05	3/1	547.59	12/10/87	31.21	7/1/75
69	Property (50)	1381.93	-0.4	6.27	2.86	20.37	18.67	1387.87	1385.88	1386.19	1152.59	1396.50	14/7	1198.13	3/1	1396.50	14/7/89	56.01	20/4/65
70	Other Financial (31)	370.55	.....	10.86	5.91	11.84	9.83	370.47	368.63	371.55	363.96	391.49	8/2	342.99	3/1	603.48	16/7/87	33.29	17/12/74
71	Investment Trusts (69)	1278.37	+0.3	–	2.63	–	16.93	1274.39	1269.85	1267.76	894.65	1278.37	25/8	922.04	3/1	1278.37	25/8/89	71.12	13/12/74
81	Mining Finance (1)	717.26	+1.8	8.34	3.58	13.30	15.84	704.43	699.30	701.86	521.99	723.68	11/8	561.50	3/1	727.93	3/8/87	66.31	30/9/74
91	Overseas Traders (8)	1436.89	+1.2	9.69	4.94	11.78	43.33	1420.15	1400.23	1405.15	1145.86	1439.44	10/2	1273.76	3/1	1447.77	7/11/88	97.37	6/1/75
99	ALL-SHARE INDEX (700)	1212.11	+0.1	–	3.93	–	25.67	1210.39	1205.78	1201.58	921.68	1212.11	25/8	921.22	3/1	1238.57	16/7/87	61.92	13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 24	Aug 23	Aug 22	Aug 21	Aug 18	Year ago	1989 High		1989 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX‡	2397.4	+4.3	2404.5	2391.9	2393.1	2382.4	2370.8	2374.7	2375.1	1770.7	2397.4	25/8	1782.8	3/1	2443.4	16/7/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Aug 25	Day's change %	Thu Aug 24	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	118.56	+0.12	118.42	–	8.13
2	5-15 years	134.25	+0.07	134.15	–	9.33
3	Over 15 years	146.96	+0.02	146.94	–	8.39
4	Irredeemables	168.35	+0.11	169.32	1.16	8.48
5	All stocks	132.01	+0.08	131.91	0.01	8.94
	Index-Linked					
6	5 years	141.27	+0.15	141.07	–	2.26
7	Over 5 years	140.41	+0.21	140.11	–	2.66
8	All stocks	140.35	+0.21	140.06	–	2.61
9	Debentures & Loans	115.10	-0.02	115.12	–	6.77
10	Preference	89.42	+0.05	89.38	–	3.54

	AVERAGE GROSS REDEMPTION YIELDS		Fri Aug 25	Thu Aug 24	Year ago (approx.)	1989 High		1989 Low	
	British Government								
1	Low	5 years	9.46	9.43	10.04	10.39	30/12	8.88	9/2
2	Coupons	15 years	9.15	9.15	9.65	9.76	14/6	8.77	9/2
3		25 years	9.08	9.08	9.32	9.59	14/6	8.73	16/2
4	Medium	5 years	10.36	10.36	10.44	11.33	14/6	9.96	8/2
5	Coupons	15 years	9.55	9.54	9.89	10.28	14/6	9.21	8/2
6		25 years	9.21	9.21	9.58	9.81	14/6	8.85	17/2
7	High	5 years	10.47	10.47	10.58	11.44	14/6	10.13	8/2
8	Coupons	15 years	9.75	9.75	10.02	10.49	14/6	9.41	8/2
9		25 years	9.38	9.38	9.59	9.99	14/6	8.99	27/1
10	Irredeemables	†	9.12	9.12	9.95	9.57	14/6	8.68	15/3
	Index-Linked								
11	Inflation rate 5%	5yrs.	2.76	2.78	3.24	4.04	2/6	2.75	21/8
12	Inflation rate 5%	Over 5 yrs.	3.43	3.44	3.88	3.84	5/6	3.41	21/8
13	Inflation rate 10%	5 yrs.	1.95	1.95	2.16	3.30	2/6	1.91	21/8
14	Inflation rate 10%	Over 5 yrs.	3.26	3.26	3.71	3.67	5/6	3.23	21/8
15	Debs &	5 years	12.93	12.92	11.04	12.95	21/8	11.47	30/12
16	Loans	15 years	11.61	11.61	11.02	11.99	3/8	11.19	1/2
17		25 years	11.11	11.11	11.00	11.38	14/6	10.66	27/2
18	Preference	†	10.20	10.20	9.98	10.43	30/12	10.00	17/3

‡Opening index 2403.2; 10 am 2404.0; 11 am 2398.7; Noon 2392.8; 1 pm 2393.7; 2 pm 2398.3; 3 pm 2400.9; 3.30 pm 2397.5; 4 pm 2398.8 (a) 9.51am (b) 11.29am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 32p. CONSTITUENT CHANGES: Ward White Group (34) has been deleted and replaced by Sovereign Oil & Gas (51). NAME CHANGES: Hunting Gibson (6) has become Hunting, Ransomes Sims & Jefferies (6) has become Ransomes and FKI Babcock (6) has become FKI.

INTERNATIONAL COMPANIES AND FINANCE

Luxury car sales help lift Toyota

By Robert Thomson in Tokyo

TOYOTA MOTOR, Japan's largest vehicle maker, reported a 9.2 per cent rise to Y569.86bn ($3.97bn) in pre-tax profit for the year to end-June, after a significant increase in domestic sales of high-priced vehicles.

While exports for the year increased by only 0.6 per cent, Toyota is still under intense pressure to increase its use of foreign components. A delegation is to leave today to visit nine US semiconductor makers with a view to increasing the company's purchases of foreign chips for its vehicles.

The company sold 4.02m vehicles – a 5 per cent increase – worth Y5,070bn, of which the export ratio was 44.9 per cent, down 2 points. Total sales, including replacement parts, industrial vehicles and houses, were Y7,190.6bn, a 7.5 per cent increase.

Toyota said exchange rate losses for the year were Y50bn. The figure would have been substantially higher if the yen had not softened in the second half of the financial year.

The company believes that prospects for the current year are blurred both by an expectation that exchange rates will "continue to show unpredictable behaviour" and "uncertainty" over the US economy.

"The automobile industry should continue to face tough sales conditions, owing largely to protectionist moves in Europe and the US, as well as by expanded local production by Japanese makers in the US," it said.

The domestic market was likely to be increasingly competitive as makers were introducing "more and more domestic models, mostly luxury cars."

Domestic sales rose 8.9 per cent, reflecting the continuing growth in the Japanese economy. Luxury cars sold well because of a change in the tax structure earlier in the year, which produced a tax cut for these vehicles.

The Ministry of International Trade and Industry (Miti) has warned vehicle makers that plans to increase capacity should be reconsidered as excess cars on the domestic market would not be easily sold on the export market.

Toyota said yesterday that it had no immediate plans to expand production, but noted that strong domestic demand had caused an "imbalance."

The company would be consolidating its foreign-based production and announcements of further plants were unlikely this year. However, studies for a semiconductor plant in Turkey were under way.

For the current fiscal year, the company expects profit and sales to level off, with a 3.3 per cent increase in domestic vehicle sales and a 5.9 per cent fall in exports.

Curiously, strongest growth is forecast in houses, sales of which rose 20.6 per cent last year with an expectation of a 51.2 per cent increase this year.

MAN plans appeal to Bonn over Sulzer deal

By Andrew Fisher in Frankfurt

MAN, the West German engineering group, said it intended to ask the Economics Ministry in Bonn to overturn the federal cartel office's rejection of its proposed purchase of the diesel engine activities of Sulzer of Switzerland.

The cartel office, which indicated last week it would turn down the deal on competition grounds, has now given both companies a firm rejection.

MAN and Sulzer wanted to combine their diesel operations to gain more competitive strength in a sector which has suffered in recent years from problems within the shipbuilding industry.

The approach by MAN and Sulzer comes at an embarrassing time for the Government because the ministry is studying the politically sensitive issue of a planned takeover of Messerschmitt-Bölkow-Blohm, the West German aerospace manufacturer, by Daimler, the diversified West German motor group, after its rejection by the cartel office.

The much larger Daimler deal is expected to be approved by Mr Helmut Haussmann, the Economics Minister.

Like Daimler, MAN's argument is based on the overriding economic advantage which it says would be derived from its intended purchase.

But political sources doubted whether Bonn would favour the MAN-Sulzer deal after giving the go-ahead to the controversial Daimler transaction. Last year MAN lost DM17m ($8.8m) on diesels, though it expects a small profit this year as a result of capacity cuts and improving orders. Sulzer has lost money on diesel engines for several years.

MAN's acquisition of the Sulzer division would create a joint operation with turnover of some DM1.5bn, of which the Swiss company would contribute 30 per cent. The two companies employ nearly 6,000 people in diesel engine plants in Germany and Denmark and Sulzer plants in Switzerland and France.

In Berlin, the cartel office said the deal would make MAN the only supplier of large two-stroke engines to world shipyards. These make up 10 per cent of the cost of a big cargo ship. Mitsubishi Heavy Industries of Japan, the other competitor, builds only on the basis of MAN and Sulzer licences and does not sell engines in Europe. The cartel office said MAN had not been willing to loosen restrictions preventing licensees from selling to third parties outside their agreed contract area.

Fokker soars to Fl 14m on record orders for aircraft

By Laura Raun in Amsterdam

FIRST-HALF earnings at Fokker, the Dutch aerospace group, surged to Fl 14m ($6.36m) from Fl 4.86m a year earlier on record demand for new aircraft. Revenue jumped 55 per cent to Fl 1.12bn from Fl 723m.

To meet demand, production of the 100-seat Fokker 100 aircraft will be more than doubled from 28 this year to 67 in 1998, the supervisory board announced yesterday. Expansion will take place at Fokker's Schiphol plant under the board's decision in principle, although production in the US is a possibility. In the past Fokker has talked to Lockheed and Rockwell of the US about possible joint production ventures.

Production of the 50-seat Fokker 50 will continue at current levels – 33 aircraft a year.

The total amount of investment needed for capacity expansion has been estimated by analysts to be as high as Fl 800m, prompting speculation of a fresh equity offer. Fokker declined to comment yesterday.

In the first six months Fokker received the largest order in its history, a contract for 75 Fokker 100 aircraft and options for 75 more. Orders for another 26 Fokker 100s and 14 Fokker 50s also came in during the January-June period.

For all of 1989 the company, which is 32 per cent owned by the Dutch Government, forecast that earnings would exceed those of 1988, which it made Fl 13.3m.

"Competition is still intense in the market segment in which we operate, with the result that the high level of demand is not being adequately reflected in selling prices," Fokker said.

It makes the 50-seat turboprop Fokker 50 and the 100-seat twin-jet Fokker 100 for the short- to medium-haul market.

Fokker noted that it improved its finances during the first half. Two bonds were issued, raising about Fl 300m to repay mortgage loans early.

No interim dividend was announced. Fokker has paid no dividend since 1986.

Struggling Continental may be sold

By Karen Zagor in New York

TEXAS AIR, the big US airline group which owns the bankrupt Eastern Air Lines and struggling Continental Air Lines, said yesterday it may consider selling all or part of its Continental subsidiary.

The statement confirmed speculation that Mr Frank Lorenzo, chairman of Texas Air, would put Continental or all of Texas Air into play, which sent Texas Air's share price soaring on Wall Street in recent weeks.

Issues in Texas Air were selling yesterday at $21⅛, up $1⅛, in heavy trading. Last month shares in the company changed hands at between $15 and $17⅜.

Analysts believe that Mr Lorenzo thinks the market for airlines is reaching a peak after the sale of NWA, parent of Northwest Airlines, for $3.65bn and a $6.2bn offer for UAL, United Airlines parent.

According to market-watchers, Mr Lorenzo's asking price for Continental – said to be about $1bn – is too high.

While UAL and NWA were laden with assets, Continental has a heavy debt burden and few assets. In this year's first quarter, Continental had total current assets of $993.3m and total current liabilities of $1.27bn.

Although Continental reported an improved quarter, the airline is still in the red with losses of $16.5m, against $81m a year earlier.

According to Mr John Eichner, a partner at the airline consultancy firm SHE, one of the difficulties in pricing Continental is that it is hard to know what is being offered. Continental leases aircraft from Eastern and flies many Eastern routes.

Profits at Swire slip by 3%

By Michael Marray in Hong Kong

SWIRE PACIFIC, the Hong Kong-listed group with interests including aviation, property and trading, has reported a 3.4 per cent drop in profits after tax and minority interests to HK$1.31bn (US$167m) for the first six months of the year.

The group reported lower profits from most divisions, and a significant reduction in the properties division, where developments for sale were at a lower level, while the build-up of recurring income from investment properties was still in progress.

Attributable profits fell further because there were no extraordinary items, against HK$385.9m in the first half of last year.

Turnover increased by 15.1 per cent to HK$13.4bn.

The trading division's results for the first half of 1989 were below those of the previous year, reflecting a softening of export markets in Europe and the US and the problems of labour shortages and rising rentals in Hong Kong.

In the industries division, the Coca Cola bottling operations performed well under difficult market conditions while Swire Engineering and Tai-Koo Sugar also produced results well above budget.

However, Swire Magnetics, a manufacturer of video and audio cassettes, had a disappointing half-year.

Consolidated net finance charges for the half amounted to HK$77.7m compared with HK$416m for the same period last year, largely reflecting the improved returns on funds placed with investment managers by Cathay Pacific, which earlier this week reported its own 33.5 per cent rise in attributable profits to HK$1.36bn.

Cathay, which is 50.4 per cent held by Swire, yesterday signed its previously announced order for 10 Airbus A-330s for delivery commencing 1995, at a cost of US$2.2bn.

Mr David Gledhill, chairman of Swire Pacific, said in a statement that the Swire Group had been experiencing increases in operating costs, particularly staff costs, but that results for each division in the second half were expected to show improvement over those of the first six months.

Given that the transition of the property division from reliance on property trading to income from investment properties will not be fully achieved until after 1990, prospects for the group overall for the whole of 1989 are satisfactory.

Dividends of 23 cents for each A share, and 4.6 cents per B share have been declared, the same as those for the first half of last year.

Esab climbs to SKr197m

By Robert Taylor in Stockholm

ESAB, the world's leading welding equipment manufacturer, posted a 30 per cent improvement in interim profits after financial items, advancing to SKr197m ($29.8m) from SKr152m a year earlier. Invoiced sales rose to SKr2,385m from SKr2,228m.

The company expects an improvement on its profits performance for the whole of 1989 compared with last year, when earnings surged 52 per cent.

It said the welding market among industrialised countries continued to grow, with demand for mechanised and automatic welding and cutting equipment expanding substantially.

Landis + Gyr to axe jobs

LANDIS + GYR, the Swiss electrical engineering concern, is to scrap about 1,000 jobs in the next three years in its energy management and communications divisions, John Wicks writes from Zurich.

The biggest cuts will occur at the headquarters works in Zug and at the Montlucon facility in France. Also affected are plants in Geneva, Berlin and the UK.

The cuts result from moves to electronic household electricity meters from mechanical models and a drop in orders for payphone equipment by European post office administrations.

Gambro ahead 17% midterm

By Robert Taylor in Stockholm

GAMBRO, the Swedish manufacturer of kidney dialysis and intensive care equipment, saw 1989 interim profits after financial items advance 17 per cent to SKr171.2m ($26m) from SKr146.7m a year earlier.

Mr Berthold Lindqvist, the company's president, said that the favourable trend was expected to continue throughout the rest of the year.

Sales climbed by 9 per cent to SKr1.53bn from SKr1.42bn.

Gambro said that its "operating results in the Japanese market had improved significantly," while they "continued to develop favourably in Western Europe."

US earnings were "still unsatisfactory."

Warm weather buoys Heineken

By Laura Raun

WARM WEATHER in Europe helped swell earnings at Heineken, the Dutch brewer, by 17 per cent in the first half of 1989.

Net income jumped to Fl 140.4m ($63.8m) or Fl 4.37 a share from Fl 119.9m or Fl 3.73, buoyed by higher volumes, firmer prices and takeovers. Unusually warm weather in Europe provided a "notable impetus" for sales.

The brewery, which is controlled by Mr Freddy Heineken, expects second-half profits to match those of the year-earlier period. That implies full-year earnings of about Fl 311m, or 7 per cent above 1988.

Heineken said trading profit rose 9 per cent to Fl 258m in the January-June period as operating expenses climbed 12.5 per cent on higher selling costs due to strong competition. The brewer is introducing "dry" and low-alcohol beers in various markets, including the US.

Restructuring costs dropped from previous years' levels. The tax burden increased 7 per cent because of higher profits, even though the Dutch corporate tax rate was lower. Turnover climbed 13 per cent to Fl 3.86bn in the first six months, from Fl 3.43bn in the corresponding period of 1988, boosted by the acquisition of Brand, a small Dutch brewery.

An unchanged interim dividend of Fl 1.50 a share was declared.

Asset sales bolster Hoogovens

By Our Financial Staff

HOOGOVENS, the Dutch steel group, yesterday reported a surge in first-half net profits to Fl 582m ($265m) or Fl 27.56 a share, compared with the Fl 84m posted in last year's period.

Revenues climbed to Fl 4.78bn against Fl 3.82bn.

Part of the rise stemmed from a Fl 358m profit from the sale of Cementfabriek IJmuiden, a cement factory, and Hoogovens Aluminium Kabelwerk, an aluminium cable plant.

The company forecast that 1989 net profit would substantially exceed 1988 levels, in spite of a slight drop in the second half.

"In the second half we expect net profits to fall just below those of the first half, excluding profits on the sale of assets," the company said, blaming the forecast dip on a squeeze on margins at its aluminium division.

"For 1989 we expect a substantial rise in net operating profits. Asset sales must be added to this figure." In 1988 Hoogovens posted net profits of Fl 260m.

First-half operating profits totalled Fl 535m, sharply up from the Fl 242m a year earlier. Hoogovens said the improvement stemmed from sharp price rises and increased deliveries.

Integrated sells units for $310m

By Karen Zagor

INTEGRATED RESOURCES, the deeply troubled financial services company, has agreed in principal to sell five of its businesses to Whitehall Financial Group for about $310m.

The New York company said it would sell one of its life insurance companies, its large sales force, its asset management business, its financial clearing and services corporation and a trust company to Whitehall, a partnership indirectly representing a branch of the Bronfman family of Canada and the Moores family of London.

Integrated will receive $297m in cash, subject to certain adjustments, plus a portion of some tax benefits realised by the core companies after the sale. The price is about $80m less than Integrated had hoped to get for the businesses. The proceeds will be used to pay back creditors. Integrated owes senior creditors about $1bn.

The deal does not include the sale of the Colorado-based Capitol Life Insurance Company, with admitted assets of $1.2bn. Also excluded are Integrated's ordinary life insurance business, its tax sheltered annuity business and United Resources, which distributes the tax sheltered annuity products. The company believes they are worth about $125m.

Integrated, highly leveraged with assets of $1.2bn and debt of $1.8bn, has been fighting for survival since June.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1989	Low 1989
Gold per troy oz.	$359.75	-7.00	$431.75	$412.25	$359.75
Silver Per troy oz	326.7p	-8.0	397.15p	358.85p	313.90p
Aluminium 99.7% (cash)	$1874.0	+91.5	$2950	$2610	$1664
Copper Grade A (cash)	£1982.5	+186	£1398.5	£1982.5	£1474
Lead(cash)	£445.5	-7.5	£369.9	£453	£337
Nickel (cash)	$12550	-215	$13512.5	$19350	$11450
Zinc (cash)	$1830.0	+32.5	£797	$2107.5	$1497.5
Tin (cash)	$8335.5	+20.5	£4460	$10760	$7460
Cocoa Futures (Dec)	£801	-64	£835	£947	£715
Coffee Futures (Nov)	£748	-6	£1020	£1270	£741
Sugar (LDP Raw)	$348.0	+7.4	$271	$363.6	$235.8
Barley Futures (Nov)	£106.60	+0.15	£104.55	£113.50	£100.95
Wheat Futures (Jan)	£112.9		£109.75	£121.65	£104.7
Cotton Outlook A Index	83.70c	+1.55	54.9c	84.95c	61.35
Wool (64s Super)	600p	+2	630p	710p	585p
Rubber (Spot)	59p	+1	71.75p	64p	55p
Oil (Brent Blend)	$18.95	-0.045	$14.560	$21.35	$16.125

Per tonne unless otherwise stated †Unquoted p-pence/kg, c-cents lb.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.15-5.25w	-.075
Brent Blend	$16.90-7.00z	-.125
W T I (1 pm est)	$18.45-8.50w	-0.20
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$196-198	+2
Gas Oil	$153-155	-1
Heavy Fuel Oil	$82-83.0	-0.5
Naphtha	$154-156	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$359.75	-3.00
Silver (per troy oz)♣	511.5c	-5.5
Platinum (per troy oz)	$474.75	-8.25
Palladium (per troy oz)	$132.75	-1.35
Aluminium (free market)	$1860	
Copper (US Producer)	130⅝-134	+1
Lead (US Producer)	39.5c	
Nickel (free market)	575c	+5
Tin (Kuala Lumpur market)	22.15r	+0.02
Tin (New York)	384.5	+3.0
Zinc (US Prime Western)	83¼c	
Cattle (live weight)†	116.80p	+1.29*
Sheep (dead weight)†	151.37p	-0.53*
Pigs (live weight)†	95.37p	-0.59*
London daily sugar (raw)	$348.0v	-4.2
London daily sugar (white)	$495.5v	-6.5
Tate and Lyle export price	£337.0	-3.5
Barley (English feed)	£104.5	
Maize (US No. 3 yellow)	£129	
Wheat (US Dark Northern)	£127t	
Rubber (spot)♥	59.00p	+0.25
Rubber (Oct)♥	62.00p	+0.25
Rubber (Nov)♥	62.75p	+0.25
Rubber (KL RSS No 1 Sep)	239.5m	-0.5
Coconut oil (Philippines)§	$480y	
Palm Oil (Malaysian)§	$325x	
Copra (Philippines)§	$300	
Soyabeans (US)	£170w	
Cotton "A" index	83.70c	
Wooltops (64s Super)	600p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct/Nov. z-Sep. x-Oct/Dec. t-Aug/Sep. v-Sep/Oct. w-Oct. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

CRUDE OIL $/barrel

	Close	Previous	High/Low	
Oct	16.35	16.97	16.87	16.80
Nov	16.74	16.85	16.75	16.70
IPE Index	16.90	16.90		

Turnover 4228 (5023)

COCOA £/tonne

	Close	Previous	High/Low	
Sep	745	758	762	737
Dec	801	818	821	792
Mar	778	799	802	772
May	792	813	815	789
Jul	810	828	831	805
Sep	825	844	847	825
Dec	852	869	871	850

Turnover: 8083 (7432) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 24 953.39 (963.09): 10 day average for Aug 25 1008.25 (1020.27)

COFFEE £/tonne

	Close	Previous	High/Low	
Sep	752	745	750	740
Nov	748	745	750	729
Jan	753	748	753	735
Mar	767	760	767	753
May	780	775	780	770
Jul	800	800	800	790
Sep	820	820		

Turnover: 4073 (5337) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Aug 24: Comp. daily 67.63 (70.16). 15 day average 68.40 (68.58)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
Oct	307.40	308.40	310.00	306.40
Dec	295.00	295.00	294.00	
Mar	284.20	286.20	287.80	283.40
May	279.00	280.20	281.60	278.40
Aug	276.00	278.00	277.00	
Oct	267.00	269.00	270.00	267.00
White	**Close**	**Previous**	**High/Low**	
Oct	423.00	422.50	425.50	422.00
Dec	385.00	383.50	386.50	385.00
Mar	357.50	359.50	362.00	356.50
Aug	350.50		350.00	

Turnover: Raw 1978 (2718) lots of 50 tonnes. White 1496 (1482).
Paris- White (FFr per tonne): Oct 2600, Dec 2530, Mar 2370, May 2355, Aug 2340, Oct 2310.

GAS OIL $/tonne

	Close	Previous	High/Low	
Sep	152.75	153.00	152.75	152.00
Oct	152.25	152.25	152.50	151.25
Nov	152.75	152.50	153.00	151.75
Dec	153.25	153.00	153.25	152.00
Jan	152.00	152.25	152.00	151.50
Mar	144.00		144.00	

Turnover 4276 (4522) lots of 100 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 12,275 tonne
Cash	1873-5	1859-61	1880	1860-2		
3 months	1842-3	1837-8	1848/1830	1830-1	1846-7	30,212 lots
Copper, Grade A (£ per tonne)						Ring turnover 34,600 tonne
Cash	1960-5	1915-20	1970/1965	1970-5		
3 months	1913-5	1861-2	1932/1905	1906-7	1910-1	70,184 lots
Lead (£ per tonne)						Ring turnover 8,875 tonne
Cash	445-6	446-7	447/445	446-8		
3 months	439-40	440-1	443/439	439-40	439-40	10,460 lots
Nickel ($ per tonne)						Ring turnover 234 tonne
Cash	12500-600	12450-75	12600/12500	12450-500		
3 months	11900-2000	11675-900	12050/11850	12060-75	11900-2000	5,069 lots
Tin ($ per tonne)						Ring turnover 430 tonne
Cash	8320-50	8250-80		8230-50		
3 months	8400-25	8360-400	8500/8375	8365-75	8470-500	5,947 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 17,500 tonne
Cash	1850-70	1860-90	1860/1850	1845-50		
3 months	1690-8	1715-20	1712/1683	1701-2	1680-5	11,705 lots
Zinc ($ per tonne)						Ring turnover 3,400 tonne
Cash	1825-35	1865-75		1800-30		
3 months	1650-5	1675-85		1650-60	1630-5	6,696 lots

LME Closing £/$ rate: SPOT: 1.5708 3 months: 1.5518 6 months: 1.5348 9 months: 1.5214

POTATOES £/tonne

	Close	Previous	High/Low	
Nov	139.0	141.5	140.0	139.0
Apr	217.3	221.5	221.0	217.0
May	240.0	243.0	241.0	239.0

Turnover 461 (194) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Oct	140.00	139.50	140.00
Dec	141.00	140.50	141.00

Turnover 112 (206) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Aug	1426	1425		
Sep	1493	1495	1493	1483
Oct	1553	1553	1553	1549
Jan	1595	1594	1594	1592
Apr	1616	1620	1619	1617
BFI	1426	1427		

Turnover 78 (83)

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Nov	108.70	109.45	109.70	108.30
Jan	112.90	112.80	112.90	
Mar	115.85	115.60	115.85	115.75
May	118.40	118.30	118.35	
Jun	120.15	120.10		
Barley	**Close**	**Previous**	**High/Low**	
Sep	102.55	102.55	102.65	102.25
Nov	106.50	106.80		
Jan	109.75	109.85		
Mar	112.65	112.85		
May	114.60	114.45		

Turnover: Wheat 129 (293), Barley 18 (128). Turnover lots of 100 tonnes.

PIGS (Cash Settlement) p/kg

	Close	Previous	High/Low
Oct	122.5	122.0	
Nov	123.0		
Feb	116.0	116.0	

Turnover 0 (34) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	359½-360	228¾-229¼
Opening	362½-363	231¼-231¾
Morning fix	361.15	230.105
Afternoon fix	360.45	229.367
Day's high	362½-363	
Day's low	359½-360	
Coins	**$ price**	**£ equivalent**
Mapleleaf	370-375	235-238
Britannia	370-375	235-238
US Eagle	370-375	235-238
Angel	370-375	235-238
Krugerrand	359-362	228½-230½
New Sov.	85-86	54-54¾
Old Sov.	85-86	54-54¾
Noble Plat	480.45-498.05	306.20-311.05
Silver fix	**p/fine oz**	**US cts equiv**
Spot	326.70	512.25
3 months	338.00	523.70
6 months	349.10	534.90
12 months	370.15	557.45

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Nov	Sep	Nov
1800	83	102	7	51
1900	22	55	46	102
2000	3	26	126	171
Copper (Grade A)	**Calls**		**Puts**	
2950	167	169	8	125
3100	61	103	51	207
3200	23	71	112	274

LONDON FOX TRADED OPTIONS

Coffee	Nov	Jan	Nov	Jan
700	74	98	25	45
750	45	72	47	69
800	26	52	78	99
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
750	70	78	20	46
800	41	52	41	74
850	22	37	72	109

US MARKETS

IN THE METALS, gold, silver and platinum all declined with prices falling near contract lows in most markets, reports Drexel Burnham Lambert. A firmer US dollar and continuing rallies in the stock market prompted the selling. Copper was up 4.70 cents basis December on news of a possible strike at a Chilean copper mine and lower comex stocks. In the softs, cocoa sank to contract lows as speculative and commission house liquidation was seen. December cocoa bottomed at $1060 a tonne. Coffee featured consolidation after Thursday's choppy action. Sugar ended the week with lacklustre trading. The grains all closed lower as scattered liquidation kept the markets weak. The soycomplex posted the biggest losses from late-day fund activity. In the livestocks, pork belly futures gained slightly on news of possible sales to Poland. Live hogs slipped as movement is expected to increase. Cattle edged higher from good boxed beef movement. The energy complex drifted lower in featureless trading.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Aug	360.7	364.5	362.1	360.8
Sep	361.1	365.0	0	0
Oct	362.9	366.8	364.5	362.5
Dec	366.7	370.6	366.4	366.5
Feb	370.4	374.3	372.0	371.0
Apr	374.3	378.1	376.2	374.3
Jun	378.3	382.1	379.5	378.0
Aug	382.1	385.9	380.5	380.5
Oct	386.0	389.9	388.5	388.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Aug	474.2	481.3	0	0
Sep	476.4	482.4	0	0
Oct	478.7	484.7	482.0	473.5
Jan	482.3	488.2	483.1	478.5
Apr	485.6	491.7	486.3	483.2
Jul	489.3	495.4	490.0	485.0
Oct	493.1	499.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Aug	510.8	516.8	0	0
Sep	511.5	517.5	515.0	511.0
Oct	515.4	521.5	518.0	518.0
Dec	524.0	530.2	527.5	523.5
Jan	527.2	533.6	0	0
Mar	535.6	542.1	538.0	535.0
May	543.5	550.2	546.2	543.5
Jul	551.8	558.6	554.0	554.0
Sep	560.2	567.1	563.0	561.0
Dec	572.1	579.2	575.0	573.0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Aug 24	Aug 23	mnth ago	yr ago
1922.1	1907.3	1934.8	1858.2

DOW JONES (Base: Dec. 31 1974 = 100)				
Spot	-	129.50	132.17	-
Futures	-	131.68	131.46	-

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	137.20	130.50	137.50	137.20
Sep	135.30	130.00	135.80	132.80
Oct	134.70	128.80	134.80	136.50
Dec	131.70	127.00	131.90	129.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	18.47	18.61	18.54	18.46
Nov	18.35	18.40	18.38	18.25
Dec	18.14	18.25	18.18	18.11
Jan	18.03	18.13	18.05	18.02
Feb	17.98	17.98	17.96	17.95
Mar	17.95	17.95	17.98	17.98
Apr	17.92	17.96	17.95	17.88
May	17.92	17.94	17.93	17.86
Jun	17.87	17.91	17.90	17.86
Jul	17.83	17.88	17.86	17.82

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Sep	5150	5170	5165	5140
Oct	5210	5227	5225	5200
Nov	5260	5282	5285	5260
Dec	5325	5337	5340	5310
Jan	5305	5327	5330	5305
Feb	5220	5237	5245	5220
Mar	5040	5057	5075	5025
Apr	4860	4857	4880	4860
May	4770	4742	4775	4740
Jun	4710	4677	4710	4705

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1066	1113	1120	1082
Dec	1086	1130	1135	1080
Mar	1093	1135	1140	1090
May	1111	1158	1158	1109
Sep	1155	1192	1190	1155
Jul	1132	1172	1173	1131
Dec	1178	1215	1215	1175

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	79.08	79.00	80.10	78.20
Dec	81.02	80.40	82.05	79.30
Mar	83.40	82.64	84.25	81.60
May	85.50	84.85	86.50	83.85
Jul	87.25	86.25	87.55	85.30
Sep	89.00	88.00	89.75	88.60
Dec	91.50	91.00	91.00	91.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	13.84	13.90	13.94	13.82
Jan	13.08	13.12	0	0
Mar	12.75	12.84	12.84	12.75
May	12.50	12.57	12.59	12.50
Jul	12.28	12.44	12.40	12.27
Oct	12.05	12.20	12.14	12.05

COTTON 50,000; cents/lbs.

	Close	Previous	High/Low	
Oct	78.15	78.27	78.60	78.02
Dec	76.73	77.04	77.20	76.65
Mar	77.58	77.72	78.00	77.50
May	78.15	78.18	78.30	77.85
Jul	77.98	78.06	78.21	77.80
Oct	71.82	71.87	71.85	71.50
Dec	68.20	68.30	68.45	68.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	159.75	161.15	161.20	159.55
Nov	142.00	142.90	143.30	140.70
Jan	139.20	140.15	140.80	139.10
Mar	138.50	139.55	139.00	138.50
May	137.60	138.60	138.10	138.00
Jul	137.80	137.90	0	0
Sep	137.80	137.90	0	0
Nov	137.80	137.90	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	579/4	595/6	598/0	578/0
Nov	576/0	589/4	589/4	575/0
Jan	586/4	599/2	599/0	586/0
Mar	596/4	609/0	608/4	596/0
May	605/0	617/0	617/4	607/0
Jul	613/4	622/0	621/0	613/0
Sep	585/0	585/0	0	[illegible]
Nov	580/0	581/2	585/0	580/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Sep	18.18	18.55	18.60	18.16
Oct	18.41	18.80	18.80	18.35
Dec	18.88	19.27	19.30	18.83
Jan	19.13	19.52	19.51	19.08
Mar	19.50	19.87	19.90	19.50
May	19.82	20.21	20.15	19.82
Jul	20.15	20.50	20.40	20.15
Sep	20.05	20.45	20.00	20.10

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Sep	190.9	198.5	194.5	190.1
Oct	183.9	186.5	186.8	183.0
Dec	182.7	185.6	185.8	182.0
Jan	183.5	185.5	185.8	183.0
Mar	184.0	186.8	186.5	183.0
May	184.0	187.5	187.0	183.5
Jul	184.0	187.5	186.5	183.6
Sep	182.5	186.5	182.0	183.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	232/6	234/2	234/0	232/0
Dec	234/2	235/6	235/4	233/0
Mar	241/2	242/6	242/2	240/0
May	246/6	248/2	247/4	246/2
Jul	248/2	249/4	249/4	248/2
Sep	241/2	242/4	241/4	240/0
Dec	241/0	241/0	241/6	240/0

WHEAT 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	390/4	393/6	394/0	390/2
Dec	403/2	407/0	407/0	403/0
Mar	406/6	412/0	411/4	406/0
May	384/4	400/0	400/0	384/4
Jul	361/4	367/6	367/6	361/0
Sep	366/4	371/6	366/4	366/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	73.60	73.80	[illegible]	73.60
Oct	75.27	75.12	[illegible]	74.90
Dec	74.17	74.10	[illegible]	73.97
Feb	73.12	73.02	[illegible]	72.85
Apr	74.17	74.07	[illegible]	74.00
Jun	72.02	72.05	[illegible]	71.90
Aug	70.15	70.10	[illegible]	70.05

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	41.32	41.82	41.80	41.17
Dec	42.42	42.62	42.80	42.15
Feb	43.30	43.60	43.60	43.10
Apr	40.90	41.02	41.10	40.60
Jun	45.45	45.55	45.55	45.30
Jul	46.02	46.10	0	45.75
Aug	44.17	44.40	0	44.10
Oct	41.35	41.30	41.50	41.10

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	41.62	41.45	41.77	41.10
Mar	41.75	41.40	41.75	41.35
May	43.10	42.70	43.10	42.62
Jul	43.20	0	43.75	43.20
Aug	42.65	42.30	42.60	[illegible]

نقلا عن الأصل

CURRENCIES, MONEY AND CAPITAL MARKETS

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE BUND FUTURES OPTIONS

[illegible]

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING OPTIONS

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

FT GUIDE TO WORLD CURRENCIES
Every Tuesday in the FT

FOREIGN EXCHANGES

Dollar retains firm undertone

THE US dollar is still regarded as a good investment, but there was little yesterday to encourage renewed buying. Traders were reluctant to carry exposed positions over the long UK weekend, with London closed on Monday for a Bank Holiday.

The dollar opened on a stronger note following rises in Far East trading. However, the lack of follow through buying and the temptation to take profits ahead of the weekend provided sufficient downward impetus to leave the US unit weaker compared with Thursday's closing levels in London.

The underlying strength of the dollar stems from the belief that recent signs of US economic strength are likely to postpone any decision by the US Federal authorities about a cut in US interest rates. The dollar is expected to remain within a narrow trading range, with fears of central bank intervention restricting the extent of any upward move and strong support levels limiting the downside.

A better idea of the dollar's direction will probably have to wait until the release of US data next week which will include industrial production and revisions to second quarter Gross National Product.

The dollar closed yesterday at DM1.9535 from DM1.9585 and Y143.30, unchanged from Thursday. Elsewhere, it finished at SFr1.6835 from SFr1.6885 and FFr6.5850 from FFr6.6100. On Bank of England figures, the dollar's exchange rate index closed at 71.4 from 71.5.

Sterling traded within a narrow range for much of the day; its exchange rate index was unchanged from Thursday's close at 91.2. The pound continues to be supported by high interest rates, and investors are encouraged by the authorities' determination to avoid a significant depreciation in sterling's value.

The pound closed at $1.5720 from $1.5700 and DM3.0700 compared with DM3.0750. Elsewhere, it finished at SFr2.6475 from SFr2.6500 and FFr10.3525 from FFr10.3775. Trading volume was relatively subdued ahead of the holiday weekend, and many dealers expect the pound to trade within a narrow range over the next two weeks in the absence of any important UK economic data.

Meanwhile, the D-Mark fell to its lowest level against the French franc since July 1988, closing at FFr3.3710 from FFr3.3760 on Thursday. The franc continued to attract support in moderately active trading, helped by the relatively high level of French interest rates. However, the franc was barely changed overall and showed little change from Thursday in terms of its European currency unit central rate.

£ IN NEW YORK

[illegible]

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

FORWARD RATES AGAINST STERLING

[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Aug.25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]						
Denmark	7.58¾-7.62¾	7.60-7.60½	par-0.25oredis	-0.20	0.70-1.10dis	-0.47
W. Germany	1.9530-1.9630	1.9530-1.9540	0.34-0.31pfpm	1.99	0.89-0.85pm	1.78
Portugal	163.30-163.85	163.30-163.40	50-65cdis	-4.22	200-240dis	-5.39
Spain	122.15-122.75	122.35-122.45	55-65cdis	-5.88	162-172dis	-5.46
Italy	1402-1409¼	1402¾-1403¼	3.80-4.30liredis	-3.46	11.90-12.60dis	-3.49
Norway	7.12-7.15	7.13-7.13½	0.75-1.00oredis	-1.47	3.35-3.65dis	-1.96
France	6.58¾-6.61¾	6.58¼-6.58¾	0.02-0.09cdis	-0.10	0.25-0.45dis	-0.21
Sweden	6.60½-6.62¾	6.61¼-6.61¾	1.35-1.50oredis	-2.59	4.30-4.55dis	-2.68
Japan	143.25-143.75	143.25-143.35	0.46-0.44ypm	3.76	1.27-1.24pm	3.50
Austria	13.76¼-13.81½	13.77½-13.88	2.50-2.00gropm	1.96	6.40-4.90pm	1.64
Switzerland	1.6830-1.6930	1.6830-1.6840	0.22-0.19cpm	1.46	0.66-0.63pm	4.94
ECU	1.0595-1.0620	1.0610-1.0620	0.03-0.02cpm	0.28	0.15-0.12pm	0.51

Commercial rates taken towards the end of London trading.† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 40.95-41.05.

POUND SPOT- FORWARD AGAINST THE POUND

Aug.25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5650-1.5730	1.5715-1.5725	0.65-0.62cpm	4.85	1.90-1.86pm	4.78
Canada	1.8385-1.8470	1.8425-1.8435	0.30-0.21cpm	1.66	0.79-0.66pm	1.57
Netherlands	3.45¾-3.47	3.45¾-3.46¾	2-1¾cpm	6.50	5⅞-5¾pm	6.35
Belgium	64.10-64.40	64.25-64.35	32-27cpm	5.51	88-82pm	5.29
Denmark	11.91¾-11.96	11.94½-11.95½	5-4¼orepm	4.64	13½-12¼pm	4.33
Ireland	1.1495-1.1555	1.1510-1.1520	0.45-0.40ppm	4.43	1.15-1.05pm	3.82
W. Germany	3.06¼-3.08	3.06¾-3.07¾	1¾-1⅝pfpm	6.84	5¼-4⅞pm	6.51
Portugal	255.50-257.40	256.40-257.40	28-2cpm	0.70	2-71dis	-0.57
Spain	191.80-192.75	191.80-192.10	9-18cdis	-0.84	18-31dis	-0.51
Italy	2202-2211¾	2204½-2205½	4-2lirepm	1.63	9-7pm	1.45
Norway	11.18¼-11.21¾	11.20¾-11.21¾	3½-2¾orepm	3.34	8½-7½pm	2.85
France	10.34¾-10.37¾	10.34¾-10.35¾	4¼-3¾cpm	4.78	12½-11⅝pm	4.66
Sweden	10.37½-10.40½	10.39½-10.40½	2¾-1⅝orepm	2.31	6-5¼pm	2.14
Japan	224⅝-225¾	224¾-225¾	1¾-1½ypm	8.66	4¾-4½pm	8.21
Austria	21.60-21.67	21.61-21.63	12¾-11⅝gropm	6.80	36¾-33¾pm	6.45
Switzerland	2.64¼-2.65¼	2.64¼-2.65¼	1½-1¼cpm	6.23	4¼-4¼pm	6.33
ECU	1.4770-1.4810	1.4800-1.4810	0.58-0.55cpm	4.58	1.60-1.55pm	4.26

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 64.40-64.50 Six-month forward dollar 3.63-3.58cpm 12 months 6.25-6.15cpm

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug.25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4214	+2.27	+1.04	±1.5424
Danish Krone	7.85212	8.06673	+2.73	+1.50	±1.6419
German D-Mark	2.05853	2.07719	+0.91	-0.32	±1.1019
French Franc	6.90403	7.00218	+1.42	+0.19	±1.3719
Dutch Guilder	2.31943	2.34137	+0.95	-0.28	±1.5019
Irish Punt	0.768411	0.778118	+1.26	+0.03	±1.6689
Italian Lira	1483.58	1490.90	+0.49	-0.13	±4.0815
Spanish Peseta	133.804	129.907	-2.91	-	-

Changes are for Ecu, therefore positive change denotes a weak currency
Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Aug.25	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14-13¾	14-13¾	13⅞-13¾	13⅞-13¾	13¾-13⅝	13½-13⅜
US Dollar	9-8¾	9-8¾	9-8¾	8⅞-8¾	8⅞-8¾	8⅝-8½
Can. Dollar	12¼-11¾	12¼-11¾	12⅛-11¾	12⅛-11⅞	11⅞-11¾	11⅞-11¾
D. Guilder	7⅛-7⅛	7⅛-7⅛	7¼-7⅛	7⅜-7⅜	7⅜-7⅜	7⅜-7⅜
Sw. Franc	7⅝-7⅛	7⅝-7⅛	7⅜-7⅜	7⅝-7⅜	7⅝-7⅜	7⅝-7⅜
Deutschmark	6¾-6⅝	6⅞-6⅞	7-6⅞	7⅛-7	7⅜-7⅛	7⅜-7⅛
Fr. Franc	9⅛-8⅞	9⅛-8⅞	9⅛-8⅞	9⅛-9	9⅛-9	9⅛-9
Italian Lire	12-10	13⅛-12⅛	12½-12	12½-12	12⅝-12⅛	12⅝-12⅛
B. Fr. (Fin)	8⅜-8⅛	8⅜-8⅛	8⅜-8⅛	8⅜-8⅛	8⅜-8⅛	8⅜-8⅛
[illegible]						

Long term Eurodollars: [illegible]

EXCHANGE CROSS RATES

[illegible]

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

NEW YORK

[illegible]

LONDON MONEY RATES

[illegible]

MONEY MARKETS

Bank has tight hold

THE BANK of England maintained a tight hold on liquidity in the London money market yesterday. Overnight money touched 14¼-14 per cent as there was yet again a very large credit shortage, and the central bank did not appear to take out the full shortage, even after late assistance. Three-month interbank was unchanged at $13\frac{11}{16}$-13⅞ per cent.

The Bank of England initially forecast a credit shortage

UK clearing bank base lending rate 14 per cent from May 24

of £1,450m, but revised this to £1,400m at noon and to £1,350m in the afternoon. Total help of £1,280m was provided.

The authorities offered an early round of help and at that time bought £980m bills, including £239m outright in band 1 at 13⅞ per cent. Another £741m bills were purchased for resale to the market on September 4 at $13\frac{11}{16}$-$13\frac{25}{32}$ per cent.

A further £150m band 1 bank bills were bought outright before lunch at 13⅞ per cent. In the afternoon £62m band 1 bank bills were purchased outright at 13⅞ per cent. Late assistance of around £100m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £746m,

LONDON TRADED OPTIONS

SUMMER TORPOR — which was encouraged by the bank holiday weekend and the three-week account period on the stock market — was the main characteristic on the traded options market yesterday. Only a modest 27,052 contracts changed hands, 6,731 of them calls.

The Thursday excitement on Wall Street — which was not followed through earlier yesterday — seemed indirectly to lead to much of the activity, where buying of American Depositary receipts rippled through into the options market.

TSB was the most active option yesterday — it was the second most active on Thursday — reflecting ultimately some resurgence of interest among overseas investors in the British banking sector. Furthermore, the option in TSB has until recently been at a very small premium to the underlying share, making it extremely attractive.

In TSB, 2,457 contracts traded, 1,505 of them puts — 1,500 of which were in the September 110 series, which moved deeply into the money after the rise in the underlying stock price on Thursday.

BP proved the second most active option, with some 2,184 contracts trading, all of them calls. Most active was the October 300 series, where 841 contracts changed hands. British Steel followed with 1,622 contracts, again with no puts, with the October 80 series posting 1,010 contracts.

Rolls-Royce was the only other stock to break 1,000 contracts. There, 1,245 changed hands, 22 of them puts, with the September 180 calls the most active series at 937 contracts.

[illegible]

August 25 Total Contracts 27,052 Calls 20,321 Puts 6,731

LONDON MARKETS

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

- First Dealings Aug 21
- Last Dealings Sep 8
- Last Declarations Oct 23
- For settlement Dec 4

For rate indications see end of London Share Service

Calls in Regentcrest, Rex (Wms), Fobel, MBS, Dewey, ML Labs, New Eng Prop, Amstrad, News Int, Guardian Royal, McCarthy & Stone, Cosalt, Stainless Metalcraft, D.C. Cooke, Microlocus, Marley, Regalian, Premier, Bute, FNFC, Tarmac, Puts Wassall, IMC, McCarthy & Stone.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total this year	Total last year
Jourdan (Thos)	int	1.5†		1.5	-	5.6
Lowe (Robert H)	int	1.25	Sept 29	1.25	-	3.5
Mackay (Hugh)	int	2	-	2	-	7

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ¶Unquoted stock. ♦Third market.

WORLD STOCK MARKETS

INDICES

NEW YORK — DOW JONES

	Aug 24	Aug 23	Aug 22	Aug 21	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2734.64	2678.11	2650.99	2647.00	2734.64 (24/8)	2144.64 (3/1)	2734.64 (24/8/89)	41.22 (2/7/32)
Home Bonds	93.04	93.02	93.04	93.10	94.15 (2/8)	87.35 (23/3)	–	–
Transport	1448.79	1437.77	1433.50	1438.12	1448.79 (24/8)	959.95 (3/1)	1448.79 (24/8/89)	12.32 (8/7/32)
Utilities	219.32	216.30	213.34	213.91	221.64 (8/8)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2738.43 (2683.61) Low 2672.23 (2641.12)

STANDARD AND POOR'S	Aug 24	Aug 23	Aug 22	Aug 21	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite ‡	351.52	344.70	341.19	340.67	351.52 (24/8)	275.31 (3/1)	351.52 (24/8/89)	4.40 (1/6/32)
Industrials	402.64	394.64	390.50	389.55	402.64 (24/8)	318.66 (3/1)	402.64 (24/8/89)	3.62 (21/6/32)
Financial	33.29	32.63	32.59	32.61	33.59 (7/8)	24.30 (3/1)	33.59 (7/8/89)	8.64 (1/10/74)
NYSE Composite	195.29	191.84	190.11	189.97	195.29 (24/8)	154.98 (3/1)	195.29 (24/8/89)	4.46 (25/4/42)
Amex Mkt. Value	381.45	377.70	375.86	376.58	382.24 (10/8)	305.24 (3/1)	382.24 (10/8/89)	29.31 (9/12/72)
NASDAQ Composite	465.88	461.68	458.36	458.33	465.88 (24/8)	378.56 (3/1)	465.88 (24/8/89)	54.87 (31/10/72)

	Aug 18	Aug 11	Aug 4	year ago (approx.)
Dow Industrial Div. Yield	3.44	3.43	3.41	3.79

	Aug 23	Aug 16	Aug 9	year ago (approx.)
S & P Industrial div. yield	2.88	2.87	2.86	3.29
S & P Indl. P/E ratio	14.40	14.44	14.49	13.57

TRADING ACTIVITY — † Volume, Millions

	Aug 24	Aug 23	Aug 22
New York	227.519	160.213	143.389
Amex	16.710	14.186	11.561
OTC	144.808	139.687	119.029

NEW YORK	Aug 24	Aug 23	Aug 22
Issues Traded	1,969	1,961	1,989
Rises	1,187	995	635
Falls	353	467	823
Unchanged	429	499	531
New Highs	160	66	38
New Lows	9	10	20

CANADA

TORONTO	Aug 24	Aug 23	Aug 22	Aug 21	1989 High	1989 Low
Metals & Minerals	3840.0	3769.9	3745.3	3747.3	3840.0 (24/8)	3207.5 (3/1)
Composite	3979.5	3942.1	3935.4	3960.5	4019.7 (10/8)	3350.5 (6/1)
MONTREAL Portfolio	2023.07	1998.41	1990.64	2001.45	2035.23 (10/8)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
First Bank (xd)	7,084,200	25⅞	+ ¼
Texas Utilities	5,188,400	32⅞	+ ⅜
Phillips Pet	3,558,800	28	+ 2⅛
Warner Com	3,427,000	64⅞	– ½
K mart	3,164,700	43⅞	+ 2⅜
Holiday Corp	3,085,400	83	+ 6
Maytag	2,828,000	26⅛	+ 1⅞
AT & T	2,687,300	40⅛	+ 1½
Eastman Kodak	2,611,600	50⅞	– ⅜
Ford Motor	2,570,800	52⅞	+ ½

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

WORLD INDICES

	Aug. 25	Aug. 24	Aug. 23	Aug. 22	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1768.2	1747.4	1738.0	1724.6	1768.2 (25/8)	1412.9 (7/4)
All Mining (1/1/80)	859.7	841.9	830.4	816.3	859.7 (25/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	416.28	412.67	407.18	401.51	416.28 (25/8)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6489.52	6439.47	6423.19	6470.19	6489.52 (25/8)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	340.09	340.14	339.85	341.76	356.65 (12/7)	275.49 (27/2)
FINLAND						
Unitas General (1975)	782.2	783.5	785.0	783.4	815.8 (18/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	523.1	516.5	509.7	509.7	523.1 (25/8)	417.9 (4/1)
Ind. Tendance (30/12/88)	124.0	122.8	121.0	120.6	124.0 (25/8)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	662.10	657.71	658.29	659.71	664.22 (10/8)	535.78 (27/2)
Commerzbank (1/12/53)	1982.6	1969.5	1969.8	1974.4	1990.1 (10/8)	1595.7 (27/2)
DAX (30/12/87)	1604.38	1592.04	1586.48	1600.62	1609.93 (10/8)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2516.78	2499.08	2521.39	2543.56	3309.64 (15/5)	2093.61 (5/6)
ITALY						
Banca Com. Ital. (1972)	731.27	723.12	718.29	721.97	731.27 (25/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	34739.93	34786.55	34893.28	35114.3	35140.85 (21/8)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2622.7	2630.97	2644.02	2653.45	2659.08 (21/8)	2366.91 (6/1)
NETHERLANDS						
CBS Tll.Rtn.Gen.(End 1983)	264.9	263.2	261.2	262.5	266.2 (17/8)	208.3 (3/1)
CBS All Shr (End 1983)	205.5	204.4	203.0	204.0	207.0 (17/8)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	672.17	666.47	659.98	655.90	672.17 (25/8)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1355.18	1357.26	1376.74	1370.86	1387.01 (21/8)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	1636.0	1653.0	1643.0	1685.0 (3/8)	1291.0 (15/2)
JSE Industrial (28/9/78)	(u)	2836.0	2833.0	2828.0	2836.0 (24/8)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	320.18	318.50	315.76	315.81	320.18 (25/8)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4576.2	4501.2	4441.4	4442.7	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	822.9	818.7	815.3	811.2	822.9 (25/8)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	539.2	537.2	535.5	551.2 (3/8)	487.6 (13/6)

♦ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Confident market defends its all-time highs

Wall Street

BUBBLING with new self-assurance, US stock markets yesterday made spirited efforts to defend the records broken in Thursday's tremendous rally and by midsession were still ahead, *writes James Buchan in New York*.

With the foreign exchange markets quiet and the credit markets still as mill-ponds, stocks had nothing but their own momentum to carry them forward. Trading was heavy, with more than 100m shares changing hands in the morning.

By 1.30 pm, the Dow Jones Industrial Average was 2,741.84, 7.20 higher. Thursday's closing level broke the record of 2,722.45 set on August 25, 1987. Other broader indices were also at records.

The stock market opened with many fund managers sure that a correction was well overdue after Thursday's 56.53 jump in the Dow, much of it generated in the late afternoon by computerised programme trading. But by mid-morning, it was clear that investors were not ready to take profits and fund managers bought for fear that the market was heading higher. The most pronounced weakness was at noon, but buyers soon emerged and prices turned higher.

The credit market was dull. News of a rise in new home sales in July created little interest, although the Treasury's longest-maturity bond ticked up ⅛ of a point by early afternoon, to yield 8.13 per cent. The dollar drifted with a slight downward bias in New York trading.

Markets are waiting for guidance on the state of the economy next week when figures for employment in August and second quarter gross national product will be published. The bond market is still hoping for signs of weakness in both figures in the hope that the Federal Reserve might consider easier monetary policy.

Among blue chip stocks, Procter & Gamble rose $1⅝ to $132⅝, General Motors was up $1¼ at $47⅞, IBM added $⅝ to $116⅝ and Philip Morris gained $3 to $161¼ while Coca-Cola dropped $⅝ to $67¼.

Eastman Kodak, which announced job cuts and management reforms earlier in the week, fell $⅞ to $50. Monsanto, which rose sharply on Thursday in response to news of increased production of its artificial sweetener, rose a further $1⅝ to $123¼.

BankAmerica, enjoying a recovery in its fortunes, rose $1 to $32⅝.

Among speculative stocks, Texas Air rose $1⅝ to $21⅝ in response to an announcement that it might consider selling its Continental Airlines subsidiary.

Phillips Petroleum, which is enjoying strong profits and is seen as a takeover candidate, rose $1 to $29½.

In contrast, Campbell Soup fell $1⅝ to $52¼ amid belief in the market that a new restructuring plan could make a takeover less likely.

International Flavors & Fragrances, which rose sharply on Thursday on speculation that a foreign chemicals group would buy its business, fell back $½ to $68⅝.

Canada

TRADING in Toronto was busy, but share prices were little changed at midsession after a slight rise early in the day. The composite index eased 1.1 to 3,978.4, but advances led declines by 263 to 209 on volume of 22.7m shares.

A rise in the price of copper in New York boosted producers. Cominco, which has large copper operations, gained C$⅝ to C$31⅞.

Also in the mining sector, Falconbridge slipped C$⅝ to C$38 after the company accepted the takeover offer from Noranda of Canada and Trelleborg of Sweden.

Hees International Bancorp, which reported a rise in six-month earnings, rose C$⅛ to C$30⅝.

ASIA PACIFIC

Profit-taking snuffs out moderate early rally

Tokyo

THE record-breaking performance on Wall Street on Thursday night helped share prices in Tokyo stage a moderate rally yesterday before profit-taking drove prices lower, *writes Yuriko Mita in Tokyo*.

After three days of waiting on the sidelines, investors were back in action, buying high-tech, pharmaceuticals and housing-related issues. But an extended rally did not materialise and the Nikkei average closed down 46.62 at 34,739.93, or 0.8 per cent below its level a week ago.

The day's high was 34,892.01 and the low was 34,639.46. Declines outnumbered advances by 456 to 423, while 220 issues remained unchanged. Volume of 418m shares was slightly higher than Thursday's 390m. The Topix index of all listed shares fell 8.27 to 2,622.70; but in London, the ISE/Nikkei 50 index inched up 0.27 to 2,075.42.

Investors in Tokyo resumed small-scale buying of stocks with low price earnings ratios and strong profits.

However, they appeared to be keen to avoid holding positions over the weekend because of the political instability, caused by the resignation of the chief cabinet secretary after the disclosure of an extramarital affair, and the uncertain course of foreign exchange and interest rates. With August account trading ending on Monday, some traders said investors had also begun liquidating long positions.

Tokyo land prices have been climbing after a brief lull, helping issues such as Daikyo, which has been recording brisk sales of condominiums. Daikyo closed up Y10 to Y4,410.

Bank stocks fell across the board, as hopes of lower interest rates receded.

High-priced issues, such as electronics, have been the main force behind the Tokyo equity market recently. Sony, which is considered to be a benchmark issue, was the most active issue with a volume of 10.82m shares and climbed Y100 to Y8,900.

According to Mr Hiroshi Taguchi of Nomura Securities, Sony has been active because of rumours of a possible free issue. Investors were also encouraged by Sony's financial results for the April-June quarter published on Thursday and by its optimistic forecast for the rest of the year.

Large-capital issues were again busily traded but without any sense of direction. Second most active with a turnover of 7.39m shares was Nippon Steel, losing Y8 to Y817.

Shares in Osaka were able to stage a moderate rally as the OSE average rose 70.72 to 34,961.71. However, volume at 63m shares was lower than Thursday's 71m.

Roundup

WALL STREET's record high on Thursday had a patchy effect on Asia Pacific markets yesterday.

AUSTRALIA found the New York experience added impetus after the recent surge of offshore buying in resource issues. The All Ordinaries index rose 14.8 to 1,765.2, its third post-crash high in a row, for a gain of 2.8 per cent over the week. Turnover jumped to 163m shares valued at A$457m, from 170m and A$294m respectively.

NEW ZEALAND ended lower after Sir Ron Brierley's announcement on Thursday that he would relinquish the chairmanship of Brierley Investments from January 1.

Many investors see him as the impetus behind the company, shares of which ended 6 cents lower at NZ$2.40 after Thursday's 5 cent decline before the news. The Barclays index ended 18.92 down at 2,355.51, but 1.5 per cent up on the week.

Brierley's Hong Kong-based investment unit, Industrial Equity (Pacific), rose 4 cents to NZ$3.42 on the news. Sir Ron said on Thursday there would be no initial changes at Industrial Equity, except that his involvement might increase.

HONG KONG took the Wall Street rally on board and the Hang Seng index advanced 17.70 to 2,516.78, still 2.2 per cent down on the week.

The China leadership rumours, which played havoc with sentiment earlier in the week, were absent yesterday. However, the Hong Kong Government announced a downgrading of its forecast for economic growth this year to 5.5 per cent from the 7 per cent projected six months ago, citing slowing growth in exports and a slackening of domestic demand.

TAIWAN extended its blue streak, rising 140.26 to 9,955.21, up 2.4 per cent on the week and 8.9 per cent on the fortnight. Traders said that investors were very positive, partly encouraged by Thursday's performance in New York.

SINGAPORE ended mixed as profit-taking alternated with bargain-hunting. The Straits Times Industrial index eased 2.08 to 1,355.18.

EUROPE

Bourses follow transatlantic lead

THE record high reached by the Dow Jones Industrial Average on Thursday provided an excuse to step up the buying in many bourses yesterday, but the effect was uneven, *writes Our Markets Staff*.

PARIS continued its ascent for a second day running, as Wall Street gave an additional boost to already enthusiastic buying. The OMF 50 index closed 5.97 higher at 523.06, a rise of 2.8 per cent on the week.

The opening CAC General index reached a second consecutive record, rising 6.6 to 523.1, and one dealer predicted it would show a figure of about 528 on Monday, reflecting yesterday's activity. Volume was estimated at an active FFr3bn after FFr2.6bn on Thursday.

Bon Marché, the department store group, ended FFr18 lower at FFr982 after climbing as high as FFr1,076 as 466,000 shares changed hands. Rumours abounded about the company and one suggested that Guinness of the UK was trying to buy it.

Financière Agache has a controlling stake in Bon Marché, and other Agache-related companies moved higher: Conforama was up FFr5 at FFr1,127 and Boussac St Frères was up FFr59 at FFr880.

In the Suez bid for Cie Industrielle and Groupe Victoire, the latter shed a further FFr48 to FFr1,752 on profit-taking, while Suez recovered FFr6.80 to FFr363.90 from recent losses.

FRANKFURT rose, said a London dealer, simply because of a 100,000 share American order for Daimler, which gained DM26.50 to DM834 on volume of DM710m. This compared with DM356m for Siemens which was the next most active stock.

"Other West German stocks," she said, "have not had the run they should have had, with Wall Street so high." The FAZ index rose 4.39 to 662.10 and the DAX 12.34 to 1,604.38, in market volume up from DM3.6bn to DM4.4bn. Both indices were up 1.8 per cent on the week.

Other shares which featured included the pharmaceutical group Schering, up DM14.50 to DM766.50 as some observers called it an analyst's favourite, and others saw it as a bid prospect.

MILAN climbed to a new high for the year on a combination of domestic and foreign buying. The return to net investment by Italy's young mutual fund industry, said an observer, has coincided with recognition by international investors that Italian companies are cheap on cross-frontier comparisons.

The Comit index rose 8.15 to 731.27 for a 2.2 per cent increase on the week, in turnover estimated at over L300bn.

Blue chips were generally higher, but interest focused on the Agnelli stocks, with Fiat L161 higher at L11,860 and IFI, the family holding company which announced a stock buy-back programme this week, L545 better at L26,295.

AMSTERDAM moved higher initially, in line with Wall Street's powerful rally, but then came off on nervous profit-taking. The CBS tendency index lost 0.1 to 195.3, down 1.5 per cent on the previous Friday, in turnover of Fl 850m.

Brewer Heineken rose Fl 3.40 to Fl 135.80 on first half figures that were better than expected.

But transport stock Nedlloyd dropped Fl 4.70 to Fl 89.30 in the wake of its 1-for-10 rights issue.

Hoogovens, the steel company, lost Fl 3.30 to Fl 107.70 as investors bought put options on expectations that it would announce a rights issue. This did not materialise when the company announced sharply higher first half figures after the close.

MADRID reached its second consecutive year's high, supported by sharp gains in the banking and construction sector, as well as Wall Street's achievements. The general index climbed 1.68 to 320.18, and turnover was put at between $80m and $100m.

ZURICH maintained its uptrend despite higher short-term interest rates, and the Crédit Suisse finished 2.5 higher at 679.0, up 1.8 per cent on the week. However, most blue chips came off their day's highs on slight profit-taking.

STOCKHOLM took heart from Thursday's strong results from the telecommunications group, Ericsson. The Affärsvärlden general index gained 21.3, or 1.6 per cent, to 1,343.4 – reducing its decline over the week to 1.3 per cent. Turnover was an active SKr472m.

Ericsson free B shares surged SKr63, or 11.8 per cent, to SKr785.

In contrast, Saab free Bs lost SKr13, or 5.3 per cent, to SKr235 after reports that a union spokesman had said the car division had lost SKr1bn in the first half.

BRUSSELS rose to record highs on the back of strong gains by individual stocks and the overnight peak on Wall Street. Overall turnover was limited, however, as caution set in at higher price levels.

The cash market index gained 50.05 to 6,489.52, a rise of 0.9 per cent over the week.

OSLO drew strength from the rally in New York and optimism about the local economy, hitting a second consecutive record high in active trading.

The all-share index rose 3.32 to 530.81 – a 1.5 per cent rise since the previous Friday – in trading worth a total of NKr692m. The market was encouraged by a report from Kreditkassen, Norway's largest bank, praising the Government's economic policies.

VIENNA pushed ahead to its fifth all-time high in a row, adding 3.54 to 440.39. Foreign interest continued to be strong.

SOUTH AFRICA

INDUSTRIAL shares continued to rise in Johannesburg, with the industrial index hitting a further high, while gold and related shares declined as the bullion price weakened.

Spanish overhaul provokes neither bang nor whimper

Slow change has been welcomed, writes **Tom Burns**

A MONTH after Spain's Big Bang, it has become clear that the explosion had the force of a firecracker and that those involved in the market are delighted. Far from creating bearish bomb craters, the deliberately muted overhaul of the Spanish stock exchanges has goaded the Iberian bulls into scaling new peaks.

"Everything is perfectly under control and the *bolsa* reform has been much more positive than we believed," says Mr Antonio Villacieros, manager of the international department of Madrid brokers Iberagentes.

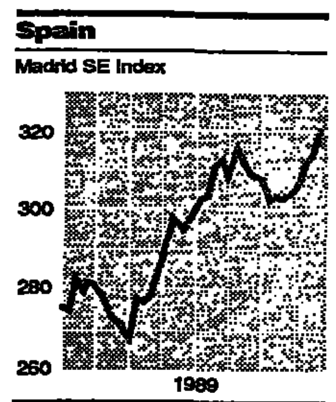
"Some predicted it (the SE reform) was going to be a disaster and of course it has been nothing like that," says Mr Carmelo Lacaci, senior partner of brokers Lombardia y Lacaci.

The Madrid market index rose yesterday to 320.1, topping *the year's high set in early June*. Madrid is one of the few medium-sized markets that has still to regain its pre-October 1987 crash level and there is widespread confidence on the exchange floor that this particular rampart, at 324, will be scaled with comfort before the end of October.

Part of the success of the Hispanic Big Bang lies in its gradual introduction. All that really happened on July 29 was that the individual *Agentes de Cambio y Bolsa*, who were glorified and solidly wealthy public notaries, taking fixed commissions on floor transactions, became members of formal broking companies. They had already set up such companies, and had been acting through them for months before.

Spain

Madrid SE Index



THE other chief prop of the July overhaul was the introduction of a computer trading system, known as Cats, which has made a suitably stealthlike entry. The big brokers have preferred to wait to see the computer system in operation and to rely in the meantime on the traditional open cry method of 10-minute *corros* which allows them to keep a close control on trading prices.

The combination of inertia and caution, however, appears to have been overcome. Come September 4, both Repsol, the public oil company that was partially privatised earlier this year, and the public utility Endesa, which was similarly floated a year ago, will join Cats. By the year's end, Telefonica, the telecommunications monopoly that is the chief player on Spanish markets, is also expected to join.

Cats has undoubtedly had its teething troubles and the handful of companies that has pioneered it has seen the volume of floor business drop. This has been due mainly to last-minute arguments between the exchange watchdog committee, the Comision Nacional del Mercado de Valores, and the main market information distribution companies over the price of online terminal contracts.

These have now been resolved and Madrid brokers are confidently predicting that most of the *bolsa* business will be conducted on the computer system within six months.

"I am glad Cats is coming in gradually," says Mr Francesc Guardans, chief executive of brokerage Interdealers. "We are, after all, changing from the elderly men who have worked with the *corros* all their lives to yuppies who have grown up on electronics and high tech. The switch has to take time."

The biggest challenge centres on speeding up the settlement system. The onus is on the watchdog committee to reduce settlement periods from more than three weeks – where the deal involves a hand-over of share titles – to a maximum of five days.

A difficulty for any new system is that the big Spanish banks have their own settlement system for small investors through their branch networks. Brokers nevertheless expect the exchange authorities to issue a firm directive on the issue within weeks and believe an electronic book entry system will be in operation next year.

The second element in the Big Bang success has been its timing. It is a measure of the market's confidence that apparently appalling figures showing a jump of 1.6 per cent in consumer price inflation for July, bringing the year on year rate to 7.4 per cent, was shrugged off with aplomb.

Nor has there been any nervousness about two potential minefields on the horizon: a series of measures to cool the economy and a possible general election this autumn.

What the market is looking at instead is the manner in which economic growth is rising at a steady 4.5 per cent a year and the way reserves reach new heights month after month to maintain a well-lined cushion for the country's widening trade gap.

The tightening measures, in any case, seem salutary and in no way panic-driven. "All the Government has to do is a bit of spring cleaning. There are no fires that have to be put out," says Mr Guardans.

The elections pose even fewer imponderables. The market seems certain that Mr González will set an election date for the end of October and that he will delay his cooling measures until after the poll, in which investors believe the pragmatic Socialist Premier will win a third successive mandate.

The likelihood is that the bulls will be out in force in the first half of next month – "prices are going to shoot up," predicts Mr Lacaci – and that the index will climb right through October. At the end of the year, when the economic package finally comes through, there will be an inevitable relapse, but the outlook beyond that hiccup is good.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie *in conjunction with the Institute of Actuaries and the Faculty of Actuaries*

NATIONAL AND REGIONAL MARKETS	THURSDAY AUGUST 24 1989						WEDNESDAY AUGUST 23 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	152.98	+0.2	144.46	133.49	+0.6	4.67	152.72	144.17	132.71	157.12	128.28	152.31
Austria (19)	144.53	+2.9	136.48	147.25	+3.2	1.66	140.45	132.58	142.62	144.53	92.84	86.72
Belgium (63)	132.57	+0.1	125.19	134.20	+0.3	4.12	132.46	125.04	133.76	137.97	125.58	111.77
Canada (124)	151.38	+0.8	142.95	129.02	+1.0	3.13	150.12	141.71	127.78	153.59	124.67	117.33
Denmark (36)	198.45	+0.0	187.40	205.46	+0.3	1.53	198.51	187.40	204.86	219.89	165.35	122.19
Finland (26)	136.15	−1.2	128.56	126.00	−0.8	2.18	137.82	130.10	127.03	159.16	125.81	122.69
France (126)	127.75	+1.3	120.63	132.46	+1.5	2.85	126.08	119.02	130.48	133.44	112.57	90.35
West Germany (100)	95.69	−0.2	90.36	97.43	−0.1	2.09	95.84	90.47	97.48	100.53	79.56	74.44
Hong Kong (48)	104.59	−1.0	98.77	104.83	−1.0	5.25	105.68	99.77	105.92	140.33	86.41	102.57
Ireland (17)	154.15	+2.0	145.57	159.53	+2.3	2.63	151.08	142.62	155.95	166.69	125.00	130.19
Italy (97)	94.47	+0.2	89.21	99.20	+0.6	2.27	94.29	89.01	98.57	95.31	74.97	72.07
Japan (455)	184.25	−0.6	173.99	166.90	−0.5	0.46	185.36	174.99	167.79	200.11	164.22	162.57
Malaysia (36)	188.16	−1.5	177.88	195.15	−1.3	2.49	191.06	180.37	197.72	193.38	143.35	140.85
Mexico (13)	282.09	+0.1	266.38	787.25	+0.2	0.84	281.72	265.95	785.44	283.24	153.32	149.26
Netherland (43)	125.17	+0.5	118.20	126.14	+0.7	4.11	124.51	117.54	125.30	130.67	110.63	100.48
New Zealand (20)	84.74	−1.5	80.02	76.01	−1.5	4.54	86.04	81.22	77.14	86.04	62.64	77.77
Norway (24)	182.25	+1.4	172.10	176.43	+1.6	1.47	179.71	169.65	173.68	198.39	139.92	109.44
Singapore (26)	165.06	−2.0	155.87	149.81	−1.8	1.87	168.48	159.05	152.48	170.62	124.57	123.21
South Africa (60)	149.98	−0.3	141.63	141.62	−0.3	3.93	150.37	141.95	141.99	154.97	115.35	114.89
Spain (43)	156.68	+0.3	147.94	145.57	+0.8	3.54	156.19	147.44	144.47	158.06	143.14	144.49
Sweden (35)	179.93	+0.9	169.91	176.27	+1.2	1.97	178.24	168.26	174.21	188.94	138.45	112.53
Switzerland (64)	91.48	+0.3	86.39	95.76	+0.3	1.97	91.22	86.11	95.43	94.16	67.81	75.82
United Kingdom (307)	154.26	+0.4	145.67	145.67	+0.4	4.02	153.68	145.08	145.08	158.41	133.28	126.49
USA (550)	143.06	+1.9	135.10	143.06	+1.9	3.19	140.36	132.51	140.36	143.06	112.13	105.95
Europe (1000)	128.58	+0.4	121.42	126.41	+0.5	3.25	128.05	120.88	125.72	132.62	112.63	102.07
Nordic (121)	167.42	+0.5	158.10	160.80	+0.8	1.77	166.60	157.27	159.58	178.38	137.95	108.28
Pacific Basin (670)	180.17	−0.6	170.14	163.37	−0.5	0.71	181.25	171.10	164.21	194.72	160.44	159.79
Euro−Pacific (1670)	159.64	−0.3	150.75	148.49	−0.2	1.54	160.07	151.11	148.74	166.98	141.56	136.70
North America (674)	143.46	+1.9	135.47	142.18	+1.9	3.19	140.85	132.96	139.56	143.46	112.79	106.55
Europe Ex. UK (693)	112.36	+0.4	106.10	114.53	+0.7	2.67	111.87	105.60	113.79	116.28	96.30	86.86
Pacific Ex. Japan (215)	131.16	−0.5	123.86	119.22	−0.2	4.53	131.81	124.43	119.48	137.65	111.93	126.21
World Ex. US (1867)	159.34	−0.2	150.48	148.00	−0.1	1.62	159.70	150.76	148.19	166.35	141.49	135.82
World Ex. UK (2110)	152.28	+0.6	143.80	146.36	+0.6	1.95	151.55	143.07	145.55	155.66	136.98	124.06
World Ex. So. Af. (2357)	152.48	+0.5	143.97	146.31	+0.5	2.13	151.73	143.24	145.51	155.92	136.67	124.31
World Ex. Japan (1962)	137.58	+1.2	129.92	135.91	+1.3	3.27	135.92	128.31	134.19	138.23	114.51	105.68
The World Index (2417)	152.44	+0.6	143.96	146.27	+0.5	2.14	151.72	143.23	145.48	155.89	136.68	124.26

Latest prices were unavailable for this edition.
Constituent change 25/8/89:Deletion:Steinberg (Canada):

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks

No. of bargains included5

UK Public Boards

No. of bargains included4

Foreign Stocks, Bonds, etc-(coupons payable in London)

No. of bargains included10

Sterling Issues by Overseas Borrowers

No. of bargains included23

Banks and Discount Companies

No. of bargains included3371

Breweries and Distilleries

Commercial, Industrial, etc

Financial Trusts, Land, etc

Insurance

Investment Trusts

Unit Trusts

Mines - Miscellaneous

Mines - South African

Oil

Property

Plantations

Shipping

Utilities

Water Works

Miscellaneous Warrants

USM Appendix

The Third Market Appendix

Rule 535(2)

No. of bargains included76

Ackrill Carr PLC Ord 25p - 20% (21Au89)
African Gold PLC Ord 1p - £0.145 (22Au89)
Arsenal Football Club Ld Ord £1 - £1650 1700 (22Au89)
Aston Villa Football Club PLC Ord £5(1 vote) - £7♦
Ord £5(15 votes) - £80 (23Au89)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Boral Ord A$4.053 (21/8)
Churchill Resources A$0.098
City Developments S$4.41336,4.4242
Celtus Res. 11,15.5
Forest Laboratories £22.25,.625 (21/8)
Greenvale Mining 7♦ (18/8)
Haw Par Bros Int (Singapore reg) S$2.88,2.98♦ (23/8)
Highveld Steel & Vanadium R19.2
Horizon Pacific A$.049 (23/8)
Idaho Power Co $27.75♦ (21/8)
Jennings Properties A$.58566 (18/8)
Keystone International $19♦ (18/8)
Malaysian Airline System M$9.1405 (18/8)
Malaysian Plantations 35♦ (18/8)
National Electronics (Consolidated) 2,4 (23/8)
Nixdorf Computers DM357.8♦ (21/8)
Noranda Inc C$25.15
Oil Search 34,5 (21/8)
Oliznet 12♦
Palabora Mining £9.65 (21/8)
Regal Hotels (Hldgs) 13 (23/8)
Regent Mining A$.475 (18/8)
Rorer Group £28.66968 $45.04646.4 (18/8)
Samantha Exploration 36,40 (18/8)
Selangor Coconuts 38♦ (18/8)
Singapore Land S$13.07088,.0715,.09345,.095,.101 (23/8)
Southwest Gold mines A$.0395 (23/8)
United Overseas Land S$2.40314
Victoria Petroleum 6.5 A$0.139,0.149
Village Main Reef $0.6

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Footsie 2,400 level remains a barrier

THE UK stock market tried hard yesterday to follow Wall Street's impressive overnight performance but was thwarted by selected profit-taking from investment institutions nervous of the present high levels of London stocks. Once again the Footsie pushed upwards through the 2,400 mark, only to fall back below this important milestone towards the London close when Wall Street made a slower start to the new trading session.

Traders on the whole sounded unimpressed by yesterday's market performance. "If it hadn't been for New York's rise (of 56 points to a new all-time peak), London would have been 30 points down yesterday," said a dealer at a leading house.

In very early trading and before the Seaq electronic system had been switched on, the market rose sharply. Gains in international stocks, fuelled both by Wall Street's advance and by the announcement of a £896m bid for Avis Europe from an Avis/General Motors-led consortium, implied a gain of around 18 Footsie points.

Profit-takers moved in, however, and the market drifted down to slip briefly into negative territory before edging higher again when London brokers caught optimistic vibrations from across the Atlantic. Profit-taking was not on any great scale, however, and was concentrated around the building and construction sector which has begun to suffer the effects of a shakeout in the domestic housing market as high interest rates hurt mortgage business.

Support wavered at the close when Wall Street was struggling to hold initial gains, and the final reading showed the FT-SE Index at 2,397.4, a net gain of only 4.3 on the day. This week has seen the Footsie gain 22.3 points, brushing off the disclosure of the second largest recorded monthly deficit on UK trade.

But as shown in the chart on this page, the Footsie has fought its way upwards this year to recover all the ground lost in the Crash of October 1987; but the market has yet to close above the FT-SE 2,400 mark last seen three months before the global collapse.

Turnover was again disappointing yesterday, with Seaq volume of 431.7m shares compared with 475.7m on Thursday. Marketmakers, unwilling to hold positions open over the extended UK Bank Holiday weekend, appeared to widen share quotations in some leading stocks.

The market still has to face a further week of the current trading Account, which has been extended over three weeks to cover the holiday break. Three week Accounts are traditionally unpopular with equity traders, and for the past fortnight daily equity volumes by value have been below the £1bn. level regarded as the basis for a healthy stock market.

Account Dealing Dates

*First Dealings:	Aug 14	Sep 4	Sep 18
Option Declarations:	Aug 31	Sep 14	Sep 28
Last Dealings:	Sep 1	Sep 15	Sep 29
Account Day:	Sep 11	Sep 25	Oct 9

*New time dealings may take place from 9.00 am two business days earlier.

Reckitt drug excites

Reckitt & Colman leapt ahead at the opening of trade on press reports that one of its painkilling drugs could be used to wean cocaine users off their habit. The shares touched 1323p in busy trade before falling back in a welter of sceptical comment from analysts and Reckitt itself. "A total over-reaction," said Mr John Aldersley of Smith New Court. "A lot of hype," agreed Reckitt.

The salient point is that the drug is currently licenced in the US to a subsidiary of food giant Procter & Gamble. "The advance is unlikely to make a lot of difference to Reckitts, although it could be very good for Proctors," said Mr Carl Short of Kitcat and Aitken.

A dissenting note was struck by Dr Arnab Banerji at Citicorp Scrimgeour Vickers. He said that under the licensing deal, Reckitt would reap significant benefits with sales of more than £100m, which could be achieved with 100,000 patients. There are probably more than 20m cocaine users in the US alone. "It is long acting and there is no competition for the drug," said Mr Banerji. "A 40-50p share price jump at the close might have been more justified."

Reckitt ended 28p better at 1274p. Volume was exceptionally high for the stock, with 2m shares traded.

Redland hit

The slump in the domestic residential property market continues to take its toll on the building sector. The latest victim is Redland, the bricks and tiles group, which dropped sharply on bearish comment from broker County NatWest WoodMac. Redland shares fell at one stage to 541p, before recovering to end the session a net 18 lower at 543p.

County believes the pressure on the housing market is spreading fast to the materials industry, warning that three out of Redland's four UK businesses are exposed to housing. Although the broker is not downgrading its earnings forecast for 1989 of £240m, it rates the stock a sell.

However, the City is not united over the outlook for Redland. Some analysts believe it is wrong to pick out Redland because 60 per cent of the group's business is overseas, and therefore protected from the UK housing slump, while the 6 per cent yield at current prices makes the stock attractive in the short term.

Mr Peter Lister of securities house BZW is one who rates Redland a buy, as is broker Hoare Govett. The group's broad geographical spread of assets will serve it well as the UK construction market slows, says Hoare. "The stock still offers good value for the long term, after recent outperformance," was Hoare's conclusion.

A dissenting note ... its detailed and positive assessment of SmithKline Beecham. It recommends buying the stock and forecasts pre-tax profits to grow from £720m in the current year to £875m in 1990. The shares added 9 at 585p.

Unilever climbed 12 to 671p as dealers spoke of switching from the NV into the plc. The NV in London closed barely changed at £47.

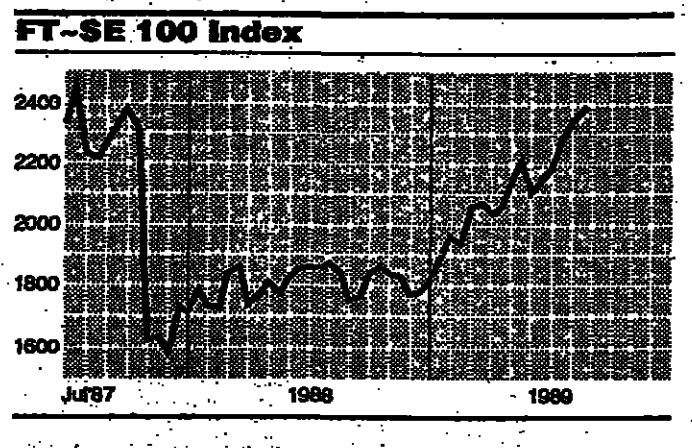
It was the turn of merchant banks to benefit from a bear squeeze among financial stocks. SG Warburg raced away to 414p, up 14 on the day. Hambros put on 11 at 225p and Kleinwort Benson ended 6 better at 344p. Volume, however, was thin. Turnover was better among the clearers, where Barclays rose 2½ to 558p on 3.5m, NatWest 4 to 359p on 3.4m, Lloyds 3 to 419p on 1.5m, while Midland eased slightly to 367p on 3.1m shares.

Enterprise Oil was squeezed high late in the day. One dealer spoke of chart buying just above a resistance point, but most took the view that an end was in sight to the dispute between Enterprise on the one hand and British Gas and Amerada Hess on the other over North Sea rights. "It could be settled out of court within two weeks," said one analyst; "this is the relief factor." Mr Humphrey Harrison at Kitcat and Aitken said that investors should "accumulate the stock." It closed 10 to the good at 579p in thin trade.

Analysts reiterated their long-standing positive views on Shell, which had a grim week following the oil spillage in the River Mersey. In particular, Mr Jeremy Eiden at UBS Phillips & Drew issued a buy note. He said that Shell had been striking oil more cheaply than previously foreseen; "therefore the company should stand on market yield and have a premium rating." That equated to about 550p a share, said Mr Eiden. The shares recovered 8 to 432½p.

Irish-listed Tuskar Resources ended an erratic week by falling 5¼ to 51p on renewed fear of Colombian instability as the war against drug barons hots up. Tuskar has drilling interests in Colombia.

FT-SE 100 Index



The housebuilding sector showed no signs of halting its recent decline. Marley, upset by Thursday's profits warning, fell 3 to 138p, McCarthy & Stone, troubled by the worrying outlook in the sheltered housing market, dropped 8 to 117p (so far this year the stock has underperformed the FT All-Share Index by 79 per cent), and Anglia Secure Homes, another homes-for-the-elderly specialist, lost 4 to 119p.

Bass dropped a further 20 to 1084p on turnover of 1.4m shares in the wake of Thursday's Holiday Inns deal. The price was propped up at the lower levels by steady demand for the stock. As one dealer put it: "The buying on the way up was more aggressive than the selling on the way down."

Among quietly traded retail stocks a story went round that Kingfisher would bid for Boots. No one appeared to take it seriously, but it was enough to help Boots add 6 at 305p on turnover of 4m shares and send Kingfisher down 5 to 340p on 1.6m.

The justification for the supposed bid, said dealers, was that Kingfisher desperately wants to get hold of Halfords, which is part of Ward White, lately swallowed up by Boots for £900m. However, as everyone was quick to point out, if Kingfisher is so keen on Halfords, why did it not bid for Ward White in the first place?. "A typical Friday-before-the-long-weekend story," was how one trader summed it up.

Other modest features in the sector included European Home Products, up 8 at 185p on hopes for a recovery, WH Smith "A", up 2 at 346p and still benefiting from a spate of bullish brokers' reports, and Next, up 1 at 135p in surprisingly good trade of 2.3m shares. Next have been recommended by Mr John Williams and Mr John Woolman at Citicorp Scrimgeour Vickers, who believe in the proven ability of the current management team, and in the durability of the Next approach to retailing.

A review of British Steel from Goldman Sachs in New York helped push turnover to 16m shares. The price firmed slightly to 79p. Thomas Jourdan posted a 36 per cent fall in interim profits and the price fell from 110p to 88p. Thursday's board changes at J. Hewitt continued to help the shares, which touched 130p before closing at 135p, up 8 on the day.

Among food manufacturers Cadbury Schweppes stood out with a rise of 3 to 418p on turnover of 2.1m shares. Dealers noted the presence of one large buyer, which helped the price to 420p, but the fact that some stock was coming on to the market restricted the rise. Others in the sector to post modest gains were United Biscuits, up 2 at 395p, Ranks Hovis Macdougall, up 1 at 468p and AB Foods, also up 1, at 391p.

RHM and AB Foods were the subjects of buy recommendations from broker County NatWest WoodMac. "As UK corporate profits slow in 1990, the food manufacturers' defensive merits will become increasingly apparent," says County, which recommends buying AB Foods, RHM, Geest (314p), Hazlewood (268p), Hillsdown (312p) and Northern Foods (356p).

Suggestions late on Thursday of a bid at around the £900m mark were borne out by an offer for Avis Europe from Cilva Holdings, in which General Motors has a stake. It helped Avis shares advance to touch 592p and one point before falling back to 585p, still a net increase of 25 at the close.

BAA continued Thursday's good run on the back of bullish comment from BZW. The shares climbed 10 to 366p. AB Ports rose after belated press comment on benefits due from the ending of the National Dock Labour Scheme. It closed at the best of the day, 634p, up 6.

Enthusiasm continued to cool in the BAT bid situation as investors waited for the next move following Hoylake's conditional agreement to sell off Farmers Group, the US insurance subsidiary, should its offer for BAT succeed. Shares in BAT Industries dipped 9 to 857p.

From the point of view of market investors, the bid's problem remains one of timing. US regulatory approval, which is centred around BAT's insurance interests in California, seems impossible within the timetable required by the UK takeover authorities. The stock market expects an early decision on BAT's request to the UK Takeover Panel to be allowed to lapse its bid pending US regulatory ruling.

Turnover in the shares was light, only 647,000 trading, reflecting the London market's unwillingness to establish new positions in BAT stock.

Among electrical majors, BICC closed a successful week on a firm note. However, turnover was modest. Higher interim results and dividend announced this week found a warm reception in the stock market, and at 553p yesterday the shares added another penny. Market analysts have upgraded forecasts for the full year; Smith New Court predicts pre-tax profits of £210m, a 35 per cent gain on 1988, while Panmure Gordon forecasts £207m and Hoare Govett goes for £197m.

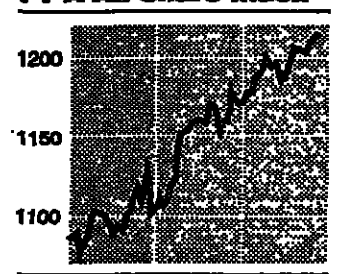
Shares in Plessey remained unchanged at 266p, the level at which they have traded all week despite the board's apparent attempts to shake off the GEC/Siemens bid consortium. The shares stand at an acceptable discount to the consortium's cash offer of 270p a share, indicating the market's belief that the bid is home and dry.

Cable & Wireless at 585p managed to recover some of the ground lost this week on rumours that Hutchison Whampoa, the giant Hong Kong conglomerate, was about to cut it shareholdings.

There was some demand among the consumer electrical stocks. Renewed talk of an impending buyout took Thorn EMI to 855p.

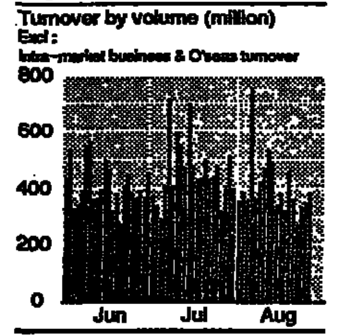
■ Other market statistics, including the FT-Actuaries Share Index, Page 9

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excl: intra-market business & O'seas turnover



FINANCIAL TIMES STOCK INDICES

	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	87.14	87.12	87.22	87.52	87.80	86.83	89.29 (6/2)	83.75 (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	98.28	98.40	97.67	97.82	97.71	98.86	99.59 (15/3)	95.21 (13/6)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1981.0	1977.9	1975.9	1965.3	1969.0	1425.4	1981.0 (25/8)	1447.8 (3/1)	1979.0 (16/9/88)	49.4 (26/6/40)
Gold Mines	197.0	199.9	201.7	202.0	202.0	200.1	206.0 (7/7)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2397.4	2393.1	2382.4	2370.8	2374.7	1770.7	2397.4 (25/8)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	3.99	4.00	4.00	4.03	4.02	4.78				
Earning Yld %(full)	9.56	9.57	9.57	9.63	9.60	12.06				
P/E Ratio(Net)(c)	12.61	12.59	12.59	12.52	12.55	10.10				
SEAQ Bargains(5pm)	28,142	28,564	25,970	26,057	27,046	24,327				
Equity Turnover(£m)†	-	1032.02	893.52	857.71	848.65	1154.80				
Equity Bargains†	-	28,534	26,868	25,635	27,320	25,659				
Shares Traded (mil)†	-	395.6	352.1	335.4	378.7	413.9				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. c Nil 12.49

Ordinary Share Index, Hourly changes — Day's High 1987.8 — Day's Low 1976.5

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1984.4	1987.4	1983.2	1977.0	1978.6	1982.2	1984.8	1983.1

FT-SE, Hourly changes — Day's High 2404.5 — Day's Low 2391.9

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2403.2	2404.0	2398.7	2392.8	2393.7	2398.3	2400.9	2398.8

S.E. ACTIVITY

Indices	Aug 24	Aug 23
Gilt Edged Bargains	92.8	94.2
Equity Bargains	N/A	N/A
Equity Value	N/A	N/A
5-Day average		
Gilt Edged Bargains	87.0	87.1
Equity Bargains	N/A	N/A
Equity Value	N/A	N/A

SE Activity 1974. †Excluding intra-market business & O'seas turnover. London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
British Land	220	383		Harrisons & Cros.	620	174	+3	RMC	1,300	728	-34	THORN EMI	1,500	855	+9
BP	4,900	305½	+5	Hawker Siddeley	783	746	-9	RTZ	1,200	559	+10	Trafalgar House	1,500	376	-9
British Steel	14,758	79	+1½	Hillsdown Hldgs	1,400	312	-1	Racal	3,500	216	-2	Trusthouse Forte	1,700	349	+4
British Telecom	3,300	259½		IMI	423	239		Rank Org.	210	996	+3	Ultramar	707	340	+1½
Burmah Oil	267	652	-2½	Imp. Chem.	1,200	1319	-4	Reckitt & Colman	2,000	1274	+28	Unilever	1,600	671	+12
Burton	844	262	+1	Inchcape	237	291		Redland	2,900	543	-18	United Biscuits	1,600	395	+2
Cable & Wireless	1,380	586	+6	Jaguar	492	415	-2	Reed International	2,100	465	-2	Utd Newspapers	156	497	-1
Cadbury Schweppes	2,100	418	+3	Kingfisher	1,600	340	-5	Reuters	654	956	-6	Wellcome	1,600	713	-7
Carlton Comms	600	895	+1	Ladbroke	1,200	329	-5	Rolls Royce	4,700	185	-1	Whitbread 'A'	1,300	389	-7
Commercial Union	2,300	426	+4	Land Securities	596	590	-4	Rothmans	108	678		Williams Hldgs.	483	269	-2
Cons. Gold Fields	15	1480		Laporte	259	513	-3	Royal Bk of Scotland	439	455		Wimpey	978	259	-3

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (216). BRITISH FUNDS (4) AMERICANS (26) CANADIANS (3) BANKS (6) BREWERS (1) BUILDINGS (4) CHEMICALS (3) STORES (5) ELECTRICALS (13) ENGINEERING (4) FOODS (10) HOTELS (2) INDUSTRIALS (19) [illegible] NEWSPAPERS (2) PAPERS (1) PROPERTY (8) TEXTILES (1) TRANSPORT (1) TRUSTS (29) OILS (3) OVERSEAS TRADERS (1) MINES (11) THIRD MARKET (1).

NEW LOWS (43). BUILDINGS (10) CHEMICALS (1) ELECTRICALS (7) HOTELS (1) INDUSTRIALS (8) [illegible] INSURANCE (1) LEISURE (1) MOTORS (2) PROPERTY (2) TEXTILES (2) TRANSPORT (1) MINES (3) THIRD MARKET (2).

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	29	48	28	153	238	104
Corps. Dom. & Foreign Bonds	8	2	34	35	32	153
Industrials	343	354	875	1,613	2,072	4,163
Financial and Props	214	101	355	825	717	1,800
Oils	27	11	53	105	109	245
Plantations	1	1	9	6	4	45
Mines	33	39	102	156	167	528
Others	101	42	145	378	386	654
Totals	756	598	1,601	3,301	3,795	7,692

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday August 24 1989

Agencies	+	53.45
Food Retailing	+	48.96
Health & Household Products	+	47.45
Other Industrial Materials	+	41.57
Motors	+	41.02
Conglomerates	+	39.66
Brewers and Distillers	+	39.07
Investment Trusts	+	37.50
Consumer Group	+	35.59
Other Groups	+	35.26
Industrial Group	+	33.51
Mechanical Engineering	+	32.94
Leisure	+	32.86
500 Share Index	+	32.47
Insurance(Life)	+	32.28
Chemicals	+	32.08
Transport	+	30.89
All Share Index	+	30.63
Electricals	+	30.27
Stores	+	29.76
Food Manufacturing	+	29.39
Capital Goods	+	28.33
Banks	+	27.57
Textiles	+	25.99
Electronics	+	25.96
Building Materials	+	25.95
Oil & Gas	+	25.93
Mining Finance	+	24.61
Insurance(Composite)	+	24.35
Gold Mines Index	+	23.47
Financial Group	+	21.97
Merchant Banks	+	18.78
Publishing & Printing	+	18.51
Metals & Metal Forming	+	16.40
Packaging & Paper	+	16.29
Property	+	15.06
Telephone Networks	+	11.71
Overseas Traders	+	11.22
Contracting,Construction	+	6.98
Insurance(Brokers)	+	5.51

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	9/92	107-04	-2/32	10.72	10.63	10.61
	9.750	1/98	98-11	-3/32	10.04	9.98	10.14
	9.000	10/08	93-00	-2/32	9.22	9.14	9.26
US TREASURY *	9.125	5/99	105-23	-2/32	8.25	8.25	7.99
	8.875	2/19	107-15	+9/32	8.20	8.25	8.10
JAPAN No 111	4.600	6/98	97.1659	-0.028	5.07	5.01	5.12
No 2	5.700	3/07	106.6470	-0.202	4.99	4.96	4.98
GERMANY	7.000	2/99	101.3000	-0.050	6.80	6.75	6.64
FRANCE BTAN	8.000	1/94	97.6128	+0.143	8.65	8.65	8.67
OAT	8.125	5/99	98.1300	+0.210	8.40	8.44	8.45
CANADA *	10.250	12/98	104.6250	-0.100	9.48	9.43	9.32
NETHERLANDS	7.000	3/99	99.1600	-0.060	7.12	7.09	7.04
AUSTRALIA	12.000	7/99	93.9106	-0.104	13.11	13.01	13.26

London closing, *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Copper price hits sterling record

THE LONDON Metal Exchange copper market put in a sterling performance this week. In terms of the British currency the three months price reached an all-time high yesterday of £1,932 before closing at £1,914 a tonne, up £52.50 on the day and £136.50 on the week.

That record owed more than a little, however, to the decline of sterling. In dollar terms the three months price was only at its highest for five months. The same was true of the cash position, which at £1,982.50 equalled the level recorded on March 7. When the cash copper price reached its all-time high of £2,004 last December it was responding to extreme tightness in the availability of supplies for immediate delivery and the premium over the three months price had widened to £280 a tonne.

Although stocks of copper are once again uncomfortably low the 77,300 tonnes held in LME registered warehouses is more than 15,000 above the level ruling back in December.

This time it is a seemingly endless sequence of production setbacks that is driving up the copper price.

The two-week-old Peruvian miners strike is, by the admission even of the miners' leaders, running out of steam, but the bulls, with a long list of other output disruptions to keep their spirits up, do not seem disconcerted.

The sabotaged 180,000-tonnes-a-year Bougainville mine in Papua New Guinea has still not been brought back into operation. Repairs are in hand and should be completed soon, but with the security of the site (which has come under attack by separatist rebels led by disaffected landowners) far from assured it may be some time yet before the company feels it can resume production.

In Canada, meanwhile, the stoppage at Highland Valley Copper Partnership's Logan Lake mine in southern British Columbia – a 170,000-tonnes-a-year operation – is set to enter its eighth week as the management continues to resist the workers' demand for what it describes as an "excessive increase."

In Mexico a threatened strike in support of a large wage claim at the 160,000-tonnes-a-year Cananea mine has resulted in the company being declared bankrupt and other Mexican miners threatening to strike in sympathy with their displaced colleagues.

And the list of disruptions lengthened further this week when a landslide halted production at the 100,000-tonnes-a-year Ok Tedi mine in Papua New Guinea. That stoppage should only last a matter of days but coming on top of the problems elsewhere it has added fuel to the copper market's bull run.

Ok Tedi is also an important gold producer, but there is more than enough gold around and economic factors have kept the market under pressure. On the London bullion market yesterday the gold price closed at $359.75 a troy ounce, the lowest level for this year, as it continued to reflect continuing dollar strength and encouraging US economic indicators which suggest that inflationary pressures are well under control.

Back at the LME zinc prices made further ground, although they were trimmed back yesterday. The cash high grade price reached $1,860 a tonne on Thursday before closing at $18.30 a tonne yesterday, up $32.50 on the week. Last week concern about the Peruvian situation – the country accounts for some 11 per cent of non-communist world zinc supplies – had helped to push the price $107.50 higher.

Aluminium resumed its uptrend, which had been interrupted last week, with a $91.50 rise in the cash position to $1,874 a tonne. That followed the announcement on Monday of a bigger-than-expected 15,600 tonnes fall in LME warehouse stocks to 102,750 tonnes, taking the fall over the past four weeks to more than 40,000 tonnes.

Any lingering bulls in the cocoa market were quickly disabused this week when Philipp Brothers made it clear that its recent deal to buy 500,000 tonnes of Ivory Coast beans (260,000 tonnes being passed straight on to Sucres et Denrées of Paris) did not represent supplies held off the market.

The big US trade house said it had been an "aggressive seller" of Ivorian cocoa all year and that "as such, the bulk of the purchase has already been sold to customers." The cocoa prices which had already surrendered gains sparked by news of the deal, fell back further. Yesterday London's second position futures price (December) fell below £800 a tonne for the first time since early June, before closing at £801 a tonne, down £17 on the day and £64 on the week.

Coffee prices remained weak but held within a narrow range to end the week with the November position £6 down at £748 a tonne.

Richard Mooney

APPOINTMENTS

Company secretary of Bimec

■ **Mr Tom Carruthers** has been appointed group company secretary of BIMEC INDUSTRIES. He was company secretary at Stanton.

■ **Mr P.A. Fletcher** and **Mr P.E. Hadsley-Chaplin** have been appointed directors of BERTAM HOLDINGS.

■ MANSIGN GROUP, Arnold, Nottingham, part of the TWIL Group, has made the following appointments: **Mr Bernard Geeson**, a co-founder of the group, managing director; **Mr Granville Best**, director, mining products; **Mr Paul Farmer**, finance director; and **Mr Brian Hickingbotham**, technical director.

■ **Mr Robert Walker** has been promoted from marketing manager to marketing director of MIRROR GROUP NEWSPAPERS.

Ms Jayne Gorecki *(above)* has been appointed director of the team handling reports and accounts at CONRAN DESIGN GROUP. She was an associate director at Addison Design.

Brooklands Aerospace Group senior posts

■ **Dr Muir Parker** has been appointed chief executive officer of BROOKLANDS AEROSPACE GROUP, Salisbury. He was engineering director with British Airways Helicopters. **Mr Andrew Richardson** joins as an executive director, with responsibility for sales and marketing the Optica Scout aircraft, and the Jindivik remotely-piloted jet aircraft. He was senior marketing manager at Singer Link Miles.

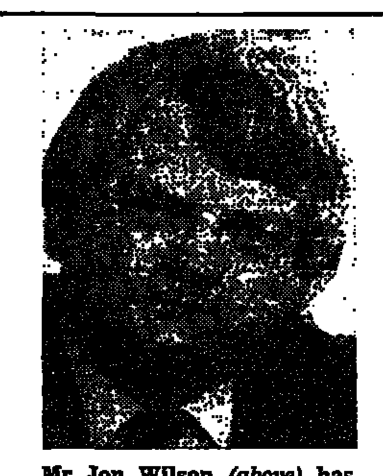
■ MICRELEC GROUP has appointed **Mr Ernest Potter** as a non-executive director. He was director, finance, Cable and Wireless, until his retirement in 1987.

■ **Mr Derek Fowler**, vice chairman of British Railways, responsible for financial and accountancy policy, corporate planning and implementation, has been appointed a non-executive director of THE CAPITA GROUP.

■ GRANVILLE INVESTMENT MANAGEMENT has appointed **Mr John Davenport** as an executive director. He was non-executive.

■ THE BURNS-ANDERSON INDEPENDENT NEWTWORK has appointed **Mr Peter Elford** as marketing director from September 25. He was marketing director of Prudential Property Services.

■ **Mr Ian Campbell** has been appointed assistant divisional director, benefits consulting division, SEDGWICK FINANCIAL SERVICES, Glasgow, to be responsible for setting up an actuarial consultancy in Scotland. He was senior assistant general manager with FS Assurance.



Mr Jon Wilson *(above)* has been appointed managing director of BTR SILVERTOWN, Burton on Trent. He was managing director of sister company Dunlop-Beaufort.

■ **Mr Tim Lloyd** has been appointed managing director of VOKO (UK). He was managing director of the John E. Wiltshier Group's contract furnishing company.

■ **Mr Graham Hallworth** has been appointed UK development director of MULTI DEVELOPMENTS, Stockport. He was with McCarthy & Stone.

■ **Dr Klaus Albrecht** has been appointed general manager of DEUTSCHE BANK's London branch from September 1. He was managing director of Deutsche Bank Australia, and succeeds Mr Manfred ten Brink who is returning to regional head office, Stuttgart.

■ **Mr Martyn Clark** has been appointed a director of LLOYD THOMPSON.

■ THE ROBERT HITCHINS GROUP has appointed **Mr Christopher Haslam** as a director of Robert Hitchins Ltd. He will continue in charge of the commercial development division.

■ **Mr Kenneth Hough** has been appointed commercial director of HAYS CHEMICAL DISTRIBUTION's packaged products division. He joins from Laporte and was previously group managing director of Ellis & Everard.

Mr Waldemar Schmidt *(above)* has been appointed managing director of ISS EUROPE, based in London. He is an executive vice president of the parent company, ISS-International Service System, Denmark. ISS Europe is responsible for subsidiaries in UK, West Germany, Belgium, Holland, Austria, Switzerland, Spain and Greece. Contract services provided include cleaning, security, energy control and automation.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	56.24	56.84xd	60.47	+0.70	4.53
Gilts & Fixed Int	6	113.20	113.20	120.10	+0.30	8.33
High Inc Equity	6	141.40	144.2xd	153.5	-0.70	4.14
Worldwide Bond	6	203.1	203.1xd	215.2	+0.30	4.93
Capital Growth						
American Growth	6	201.6	201.6	215.7	+3.4	0.88
Asian Pacific	6	106.4	108.5	115.5	+1.9	2.13
Assets & Earnings	6	167.1	167.1	178.8	+0.7	2.07
Capital Reserve Acc	0	87.24	87.24	87.34	+0.11	4.58
Comdty & Energy	6	114.30	114.3	122.3	+1.4	2.55
1992 Enterprise	6	60.76	61.98	65.94	+0.23	1.96
European Capital	6	93.36	94.09	100.10	+0.55	0.75
General	6	188.70	188.70xd	201.9	+0.7	2.48
International	6	53.38	54.14	57.60	+0.29	0.87
Japan	6	116.2	118.0	125.6	-0.5	0.00
Mastertrust	6	91.78	91.78	98.17	+0.56	1.73
UK Growth Acc	6	208.3	217.4	231.3	+0.1	1.21
UK Growth Dist	6	139.0	145.0	154.3	+0.1	1.81
US Emerging Cos	6	55.37	57.04	60.69	+0.49	0.00
Income & Growth	6	322.7	329.0	350.0	+1.6	2.93
Ethical	6	50.97	52.21	55.55	+0.08	1.80

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5	34.35	34.35	36.67	+0.42	2.89
European	5¼	70.64	70.77	75.55	+0.58	0.00
European Income	5¼	66.93	66.93xd	71.45	+0.26	2.74
Exempt	1	856.4	856.4	893.8	+1.10	1.86
Extra Income	5	47.31	47.31	50.50	+0.36	4.27
F East Emerg Econ	5¼	54.59	54.69xd	58.57	+0.28	0.49
Fund Inv Tst	5	135.6	135.6	144.7	+0.80	2.03
Do Accum	5	211.1	211.1	225.3	+1.10	2.04

Buckmaster Mangmt Co Ltd—Contd.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income	5	170.8	176.2	186.9	-0.6	4.47
(Accum Units)	5	333.1	343.4	364.3	-1.2	4.47
International	5	129.5	129.5	136.9	+0.7	1.28
(Accum Units)	5	178.0	178.0	188.2	+0.8	1.28
Smaller Co's	5	118.5	121.5	128.9	----	1.70
(Accum Units)	5	130.3	133.6	141.7	----	1.70
Inv Portfolio	2½	58.46	60.51	62.37	-0.13	3.31
(Accum Units)	2½	60.69	62.81	64.75	-0.14	3.31
High Income Port	3	51.32	51.72	53.60	+0.16	5.91

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL 01-480 7216

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sht Dtd Gilt & FI	1¼	54.00	54.00	54.76	-0.1	2.88

CCF Foster Braithwaite UT Mngt (1100)F
1 White Hart Yard, London SE1 1NX 01-407 5966

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
F&B Sel Intl Gwth	5½	49.95	49.95	53.06	+0.49	1.374

CCL Unit Trusts Ltd (1400)F
74 Shepherds Bush Green W12 8SD 01-740 7070

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK General Tst	5½	59.40	60.35	64.55	+0.66	2.23
Global Tst	5½	47.08	47.59	50.90	+0.46	2.01
Recovery Tst	5½	52.79	52.79	58.78	+0.24	1.92

CIBC Unit Tst Managers plc (1200)H
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Fd Acc	5	117.8	119.2	125.8	+0.1	3.38

CS Fund Managers Limited (1000)H
125 High Holborn, London WC1V 6PY 01-242 1148

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CS America F	5	64.66	64.66	68.78	+0.92	0.53
CS International F	5	63.50	63.50	67.55	+0.81	1.46
CS Japan F	5	137.9	137.9	146.7	-0.2	0.31
CS Portfolio Inv & F	5	78.12	78.12xd	83.10	-0.04	1.55

Canada Life Unit Tst Mgrs Ltd (1200)F
2-6 High St, Potters Bar, Herts 0707 51122

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Can Gen Dist	5	153.2	155.8xd	164.0	-0.1	2.82
Do Gen Accum	5	258.7	263.1	277.0	-0.3	2.82
Do Income Dist	5	101.4	103.5	108.9	-0.1	5.17
Do Inc Accum	5	232.3	237.1	249.6	-0.1	5.17
Gilt & Fxd Int	5	37.02	37.08xd	39.03	+0.10	8.23

Cannon Fund Managers Ltd (0700)H
1 Olympic Way, Wembley, HA9 0NB
01-902 8876. Dealing: 0800 282621

Metropolitan Unit Trust Mngrs Ltd (1000)F
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Eurogrowth Plus	6	67.16	67.76	72.08	+0.24	0.66
Global Growth	5¼	47.07	47.17	50.18	+0.12	0.50
Global Income Acc	5¼	60.50	61.00	64.89	+0.58	3.08
Do Income	5¼	56.68	57.15	60.80	+0.55	3.29
Smaller Accum	6	66.19	67.51	71.82	+1.29	0.00
UK Growth Acc	5¼	60.93	61.94	65.89	----	1.52
UK Income Acc	5¼	74.15	76.00	80.85	+0.07	3.71
Do Income	5¼	69.80	71.54	76.11	+0.07	3.94

Midland Unit Trusts Ltd (1200)F
192 Eyre Street, Sheffield, S1 3RD 0742 529888

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
British Tst	6	63.18	63.54	67.96	-0.10	2.21
(Accum Units)	6	64.21	64.58	69.07	-0.07	2.21
Capital	6	127.1	127.1	135.9	----	2.04
(Accum Units)	6	183.9	183.9	196.7	----	2.04
European Growth	6	140.3	140.3	149.5	+1.1	0.54
(Accum Units)	6	172.7	172.7	184.0	+1.3	0.54
Extra High Inc	6	73.58	74.55xd	79.73	-0.09	6.36
(Accum Units)	6	100.9	102.2	109.3	-0.1	6.36
Gilt & Fxd Int	4	52.09	52.09	54.36	+0.06	9.07
(Accum Units)	4	104.5	104.5	109.0	+0.1	9.07
High Yield	6	218.2	220.8	236.2	----	4.76
(Accum Units)	6	420.4	425.6	456.2	----	4.76
Income	6	259.6	262.1xd	280.3	-0.7	3.30
(Accum Units)	6	469.3	473.7	506.6	-1.3	3.30
Intl High St UT	6	59.84	59.84	64.00	-0.12	1.18
(Accum Units)	6	61.68	61.68	65.97	-0.13	1.18
Japan Growth	6	401.0	403.0	429.1	-2.4	0.00
(Accum Units)	6	421.4	421.4	451.0	-2.5	0.00
Mandarin Tst	6	60.39	60.44	64.64	-0.02	0.76
(Accum Units)	6	60.89	60.93	65.17	-0.02	0.76
Mngd P'folio Acc	6	75.12	75.74	81.01	+0.04	1.74
Money Market UT	4	49.30	49.30xd	51.27	+0.01	10.18
North American	6	133.3	135.0	144.4	+2.0	0.22
(Accum Units)	6	164.6	166.6	178.2	+2.3	0.22
Smaller Cos	6	187.1	187.1xd	200.1	-0.8	1.55
(Accum Units)	6	208.2	208.2	222.7	-0.8	1.54
Meridian Income	6	114.4	115.4	123.4	----	3.18
(Accum Units)	6	118.6	119.6	127.9	----	3.18
Meridian Growth	6	127.4	128.2	137.1	+0.1	1.81
Midland Personal Pension Unit Trust*						
British	6	63.86	64.57	68.69	-0.09	2.23
European Growth	6	64.04	64.14	68.23	+0.48	0.54
Gilt & Fixed	6	51.47	51.47	54.71	+0.05	8.26
Income	6	58.97	59.81	63.63	-0.16	3.30
Japan Growth	6	58.74	59.10	62.87	-0.34	0.00
Managed	6	59.20	60.00	63.83	+0.03	1.75
Money Market	6	53.88	53.88	57.12	+0.01	9.86
North American	6	62.29	63.39	67.44	+0.87	0.22
Midland PSAVCS Unit Trust*						
British	6	60.23	60.88	64.77	-0.09	2.24
European Growth	6	62.44	62.53	66.52	+0.46	0.54
Gilt & Fixed Int	6	50.63	50.63	53.81	+0.04	9.11
Income	6	59.94	60.81	64.69	-0.16	3.30
Japan Growth	6	61.02	61.37	65.29	-0.35	0.00
Managed	6	58.28	59.07	62.84	+0.03	1.74
Money Market	6	51.90	51.90	55.02	+0.01	9.88
North American	6	62.70	63.74	67.81	+0.85	0.22

Phillips & Drew Unit Managers Ltd
14 Finsbury Square, London EC2A 1PD 01-628 6070

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Charities Fxd Int		102.0	102.0	102.1	----	9.4
Charities Intl Ltd		105.6	105.6	105.8	----	2.3
UK Exempt		114.5	114.5	116.6	----	4.0
Charities Intl		117.9	117.9	120.0	----	2.2

Prolific Unit Tst Mngrs Ltd (1200)H
222 Bishopsgate, London EC2 01-247 7544/7

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Income	5	68.05	68.62xd	73.08	+1.64	3.68
Conv & Gilt	5	131.0	131.0xd	139.8	(z)	6.10
Euro Gwth & Inc	5	54.07	54.07xd	57.82	+0.41	1.92
Extra Income	5	147.8	148.8	159.0	(z)	4.57
Far East	5	262.7	264.0	280.5	+1.5	0.01
High Income	5	95.89	96.37	102.9	+0.7	4.21
International	5	158.4	158.4	168.5	+1.0	0.66
Nth American	5	163.4	166.0	176.5	+2.8	0.01
Pref & Fxd Int	5	47.01	47.24xd	50.25	+0.22	8.40
Special Sits	5	119.5	120.8	129.3	+0.1	0.56
Technology	5	142.6	143.3	152.9	+1.7	0.44

Providence Capital Fd Mgrs Ltd (1000)H
30 Uxbridge Road, London W12 8PG 01-749 9111

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Worldwide Inc	5	107.90	107.90	115.20	+1.0	0.29
Worldwide Acc	5	112.40	112.40	120.00	+1.0	0.29
UK Equity Inc	5	82.36	82.36	88.29	+0.47	2.81
UK Equity Acc	5	90.84	90.84	97.39	+0.53	2.81
European Inc	5	123.30	123.30	132.10	+0.7	0.55
European Acc	5	127.70	127.70	136.70	+0.6	0.55
Nth American Inc	5	70.21	70.21xd	74.66	+1.35	1.33
Nth American Acc	5	73.09	73.09xd	77.71	+1.40	1.33
Japan Inc	5	124.60	124.60	133.50	-0.4	0.00
Japan Acc	5	124.90	124.90	133.80	-0.4	0.00
UK High Inc Eq Inc	5	75.38	75.38xd	81.38	+0.44	5.55
UK High Inc Eq Acc	5	85.66	85.66xd	92.46	+0.48	5.55
Hong Kong Inc	5	42.23	42.23xd	45.07	+0.35	2.99
Hong Kong Acc	5	44.12	44.12xd	47.08	+0.37	2.99
Swiss Equities Inc	5	40.47	40.47	43.57	+0.02	1.09
Swiss Equities Acc	5	40.82	40.82	43.74	+0.01	1.09
W'wide Bond Inc	5	53.48	53.48	56.49	-0.02	5.71
W'wide Bond Acc	5	55.21	55.21	58.33	-0.02	5.71
Emerging Asia Inc	5	91.64	91.64	98.19	+1.69	0.00
Emerging Asia Acc	5	91.64	91.64	98.19	+1.69	0.00
UK Money Mkt Inc	5	50.00	50.00	50.00	----	13.00
UK Money Mkt Acc	5	50.00	50.00	50.00	----	13.00

Provident Mutual Unit Tst Mgrs Ltd (0905)H
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
PM Equity Gth	5	126.7	128.2	136.3	----	2.53
PM Income & Gth	5	106.0	106.9	113.7	+0.2	3.84
PM Nth Amer Gth	5	61.90	61.90	65.85	+1.42	1.14
PM European Gth	5	61.41	61.52	65.44	+0.22	0.68
PM Japan Gth	5	82.31	82.43	87.69	-0.56	0.28
PM Overseas Gth	5	57.47	57.47	61.13	+0.99	0.43

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♠ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

هكذا من الأصل

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● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Capital & Equity	5	64 34	67 50	71 80	-0.04	5.62
European	5	75 74	75 98	80 82	+0 46	0.09
Far Eastern	5	64 82	66 41	70.65	-0.15	0.62
Growth Inc	5	89.20	92.60	98.50	-0.32	1.39
Growth Acc	5	89 20	92.60	98.50	-0.32	1.39
Income Inc	5	84 86	87.34xd	92.91	-0 06	4 57
Income Acc	5	84 96	87.44xd	93 01	-0.06	4.57
Property Share	5	56 04	56 04	59 73	+0 11	0.99
Smaller Co's	5	59 26	59 83	63 82	-0.21	1.51
Nth American	5	69 71	69.71	74 55	+0 8	1.47
International	5	50.47	50.47	53.98	+0 34	1.38
Wright Seligman Fund Mngrs Ltd (1700)F						
11 Blomfield St, London EC2M 7AY 01-588 0592						
Int'l Growth	5	114.39	114.39	119.39	.....	3.93
UK Growth	5	95 00	95.00	100.0	.....	3.00
UK Income	5	95 00	95 00	100.0	.....	4.50
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pl, Fenay Bdge, Huddersfield 0484 602250						
Yorkshire General	5¼	65.90	67 69	72.01	-0 09	2.52
YUTM UK Eqty Inc Tst	5¼	62.74	64.98	69.15	+0.10	3.72
YUTM Intl Gwth Inc	5¼	54.29	54.29	57.95	+0.59	0.76

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gr's
Baillie Gifford & Co Ltd				
Int'l East June 7	485.3	503.8	.....	-
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Inv Fund July 31		538 95	.....	4.55
Fxd Int Sec July 31		142.05	.....	10.07
Deposit July 31		100.00	.....	13.25
Charinco/Charishare‡‡ (1000)F				
33 King William Street, EC4R 9AS 01-280 2800				
C'inco Inc Aug 23	169.6	173.9	+0.20	10.30
C'inco Acc Aug 23	695.9	713.5	+1.10	10.30
C'share Inc Aug 23	163 6	169.7	+1 70	4.01
C'share Acc Aug 23	179.8	186.5	+1.70	4.01
Charities Official Invest. Fund‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				

	Bid Price	Offer Price	+ or -
Albany Life Assurance Co Ltd—Contd.			
Sunrise Metro	135.4	142.4	+2.6
UK Metro	125 1	131.7	+0.5
N Am Pn Fd Acc(z)	275.4	289.8	+4.5
Pac Basin Fd Acc(z)	195.4	205 6	+4.8
Property(z)	601.0	632.6	+0.1
Multiple Inv Pens Acc(z)	1554.1	1635.9	+10.4
Broker Funds			
Prof. Pen. Fd	102.4	107.7	+0.3
YRA Strategy	126.5	133.1	+0.9
YRA Performance	108.6	114.3	+0.7
Laughton Dollar (SE)	144.3	151.9	+1.0
Allied Dunbar Assurance Plc			
Allied Dunbar Ctr, Swindon SN1 1EL 0793 5[illegible]			
Fixed Int. Dep. Acc	264.9	278.9	+0.1
Equity Acc	915.6	963.8	+2.4
Property Acc	508.9	535.7	.....
Far East Acc	216.4	227.8	-1.5
European Acc	24.7	26.1	.....
Managed Acc	715.8	753.5	+1.2
Managed Cap	405.0	426.4	+0.3
O'seas Earnings Acc	611.2	643 4	+0.8
Gilt Edged Acc	321.8	338.8	+0.2
American Equity Acc	497.7	523.9	+5.2
American Man Acc	229.5	241.6	+2.5
American Prop Acc	151.5	159.5	.....
Pen. F.I. Dep. Cap	292.5	307.9	+0.1
Pen. F.I. Dep. Acc	504.5	531.1	+0.2
Pen. Prop. Cap	596.0	627.4	+0.1
Pen. Prop. Acc	1136.1	1195.9	+0.2
Pen. Man. Cap	888.2	935.0	+6.0
Pen. Man. Acc	1691.3	1780.4	+11.5
Pen. Gilt Edg. Cap	321.1	338.0	+0.3
Pen. Gilt Edg. Acc	500 1	526.5	+0.5
Pen. Eq. Cap	1476.2	1553.9	+12.2
Pen. Eq. Acc	2130.4	2242.6	+17.9
Pen. Am. Eq Cap	168.5	177.4	+3.7
Pen. Am. Eq Acc	204.9	215 7	+4.5
Pen. Far East Cap	258.6	272.3	-0.7
Pen. Far East Acc	314.7	331.3	-0.7
Pen. Euro Cap	29.5	31.1	+0.1
Pen. Euro. Acc	32.3	34.1	+0.2
Pen. B.S. Acc	554.3	582.1	+0.2
Pen. B.S. Cap	330.3	346.9	+0.1
Pen. D.A.F. Acc	387.7	387.7	+0.2
Pen. D.A.F. Cap	259.3	259.3	[illegible]

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Abtrust Management Ltd

AEtna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Ambassador Life Assce. Co Ltd

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

Canada Life Group

Cannon Assurance Ltd

CCL Assurance Ltd

Citibank Life

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Investments Group

Clerical Medical Managed Funds Group

Colonial Mutual Group

Combined Insurance Co of America

Commercial Union Group

Cornhill Insurance PLC

Criterion Assurance Group

Crown Financial Management Ltd

Crusader Insurance Plc

Devonshire Life

Eagle Star Insurance Co Ltd

Eagle Star Insur./Midland Assur.

Ecclesiastical Insurance Company Ltd

Edinburgh Money Management Ltd

Equitable Life Assurance Society

Equity & Law

FS Assurance Limited

Family Assurance Society

Friends' Provident

GT Management Ltd

General Accident Linked Life Assce(z)

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Irish Life Assurance Co Plc—Contd.

The LAS Group

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance(z)

Manchester Unity Assurance

ManuLife Group PLC

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

Municipal Life Assurance Ltd

NEL Britannia Assce Co Ltd

NEL Britannia Assce Co Ltd—Contd.

NEL Pensions Ltd

NM Life Assurance Ltd

National Financial Management Corp PLC

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

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Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Providence Capital Life Ass. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Ass. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Sun Alliance Insurance Group

Sun Life Unit Assurance Ltd

Sun Life of Canada (UK) Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co Ltd

Standard Life Assurance Company

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

Windsor Life Assur Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

EBC Trust Company (Jersey) Ltd

Emirates International Mngt Ltd

Ermitage Group

Fidelity International (CI) Ltd

Fleming Group

Foreign & Colonial Mngt (Jersey) Ltd

Health 2000 Limited

Hill Samuel Investment Services Intl(CI)

Management International (Jersey) Ltd

Midland Bank Tst. Corp. (Jersey) Ltd

MIM Britannia International Limited

Nat. Westminster Jersey Fd. Mgrs. Ltd

Northgate Unit Tst. Mngs. (Jersey) Ltd

Prudential Intl Financial Services Ltd

Royal Trust Fd Mngt (CI) Ltd

Save & Prosper International

Schroder Mngt Services (Jersey) Ltd

Scimitar Worldwide Money Fund Ltd

Scimitar Worldwide Selection Fund Limited

TSB Trust Funds (CI)

Target Internat. Management (Jersey) Ltd

Tyndall International (CI) Ltd

Warburg Investment Management Jersey Ltd

World Fund Managers (Jersey) Ltd

World Capital Gwth Fd-SICAV

Worldinvest Management (Jersey) Ltd

ISLE OF MAN (**)

CAL Investments (IoM) Ltd

CMI Fund Managers (IoM)

Equity & Law International Fund Mgrs Ltd

Gartmore Fund Managers (IoM)

Hellenic Scandinavian Fund Ltd

IBI Global Funds Limited

Mercury Fund Managers IoM Ltd

Refuge Overseas

Target International (Isle of Man) Ltd

Tyndall International (Isle of Man) Ltd

LUXEMBOURG (**)

CMI Asset Management (Luxembourg) SA

Fidelity Intl Inv Fund Management (Luxembourg) SA

Fidelity International Service (Lux) SA

Fleming Group

Gartmore Luxembourg SA

Lloyds Bank Luxembourg

Target International Fountain Fund

Wardley Investment Services (Lux) S.A.

OFFSHORE INSURANCES

Albany International Assurance Ltd

CMI Insurance Co Ltd

Eagle Star International

Equity & Law Intl Life Assce Co Ltd

Fidelity Guaranteed Group

Finsbury International Life Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

NEL Britannia International Ltd

NM Life Assurance Intl Ltd

Premium Life International Ltd

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

OTHER OFFSHORE FUNDS

ATSP Management Ltd

Abbey Global Investment Fund

Aetna Investment

Alliance Capital

Aitken Hume International Fund

Baring International Group

Bank of America International

Bermuda Intl Invest Mngt Ltd

Brazilian Securities Ltd

Bridge Management Ltd

Cannon International Fund Management

Capital International Fund

Carlton International

Credit Lyonnais Rouse (Bermuda) Ltd

DWS Deutsche Ges. F. Wertpapiersp

Dean Witter World Wide Invst. Tst SA

Dreyfus Intercontinental Inv. Fd.

Espirito Santo Investment Mngmt (SICAV)

Euromoney Management S.A.

Europe 1992

Far East Growth Fund

Fidelity Distributors Intl Ltd

Fleming Japan Fund SA

Forbes Securities Management Ltd

Formosa Fund

Frankfurt Trust Investment-GmbH

GT Management Plc

GW Investment Mngmt Ltd

Gaia Currency Hedge Funds

Genesis Fund Managers Ltd

Gartmore International Ltd

German Selection Associates N.V.

Global Asset Management Corpn

Govett (John) Management

Granville Management Limited

Group One Limited

Hambro Pacific Fund Mgmt Ltd

Henderson Management SA

Henderson Global Strategy Mngmt SA

Hill Samuel Investment Services Intl

Indosuez Asia Europe Fund

International Bond Trust

International Specialty Fund

Investment Portfolio Services (C.I.) Ltd

Ivory & Sime Pembroke Inc

JC Global Fund-SICAV

Japan Money Back Fund

Jardine Fleming Unit Tst Mgrs Ltd

Kleinwort Benson Group

Korea Growth Trust

Korea International Trust

Lazard Freres International

Lloyds Bank Geneva Switzerland

London Portfolio Services plc

M & G Island Management Ltd

Malacca Fund

Merrill Lynch Int Capital Mngt (GSY) Ltd

Iberia Portfolio | $11.47 | +0.13 | –

Morgan Stanley Sicav

Money Mkt Plus Fd Aug 25 | $1052.29 | ---- | –

Patrimony Fd Aug 25 | $1062.24 | ---- | –

Murray, Johnstone (Inv. Adviser)

American P'folio Aug 23 | $27.02 | 28.80 | ---- | –

Japan P'folio Aug 21 | $243.71 | 261.06 | ---- | –

Pacific P'folio Aug 22 | $10.76 | 11.53 | ---- | –

NICS Europe and Income Fund

NM Income & Gwth Fd

NM Financial Mngt Intl Ltd

Newport International Management

Nikko Luxembourg S.A.

Nomura Asia Europe Fund

Nomura Dragon Global Fund

Nomura Prudential Global Portfolio

North Star Fund Managers (Cayman) Ltd

Orient Fund Management Ltd

PFC Intermit Portfolio Fd Mngt Ltd

Pacific Growth Fund

Painter Bond Fund SA

Pierson Heldring & Pierson

Prudential Intl Financial Services Ltd

Putnam International Advisers Ltd

Quantum Fd NV Curacao

Quartz Fund

Rothschild Asset Management (CI)

Rothschild Asset Management (Bermuda)

Royal Trust Asset Mngmt (Asia) Ltd

Royal Trust North American Bond Fd

SCI/TECH SA

Save & Prosper International

Schroder Investment Management Limited

Schroders Asia Limited

Schroders Australia Ltd

Scimitar Bermuda Funds

Seoul International Trust

The Siam Fund (Cayman) Ltd

Siam Fd NAV Aug 23 | | $18.78 | | ---- | –

Singer & Friedlander Ldn. Agents

Tokyo Tst NAV Aug 2 | | $19.50 | | ---- | 0.9

Smaller Cos Tst June 31 | 163.5 | 171.9 | | ---- | 2.5

Skandifond

Skandinaviska Enskilda Banken

Equity Int. Acc. | $11.31 | 11.89 | ---- | –

Equity Int. Inc. | $10.58 | 11.11 | ---- | –

Societe Generale Merchant Bank plc

Sedlic Asset Management Inc

Sovereign Portfolio Management

Sterling Offshore Fund Admin. Ltd

Stronghold International Gold Fund S.A.

Sun Life Global Management Ltd

Templeton Galbraith & Hansberger Ltd

The Thai-Euro Fund Ltd

The Thai Prime Fund Limited

The Thailand Fund

The Thailand Growth Fund

The Thailand Intl Fund Ltd

T. Rowe Price Associates, Inc

Thornton Investment Management Ltd

Transworld Bond Trust

Unico Invest Fd Mgt Co SA Lux

Union-Investment-Gesellschaft GmbH

Viking Fund-SICAV

Warburg Inv Mngmt (Isle of Man) Ltd

Warburg Investment Services Ltd

Yamaichi Dynamic Mngt Co SA

Gartmore Money Management Ltd—Contd.

Special Fund | 13.71 | – | 14.61 | Mth

Dollar | 7.75 | 6.06 | 8.27 | 3-Mth

Money Market Bank Accounts

AAB-Allied Arab Bank Ltd

Aitken Hume

Bank of Ireland High Interest Cheque Acc

Bank of Scotland

Barclays Prime Account

Beneficial Bank PLC Premier Account

Brown Shipley & Co Ltd

Cater Allen Ltd

Charterhouse Bank Ltd

Citibank Savings

Clydesdale Bank PLC

Co-operative Bank Tap Tier

Coutts Reserve Account

Dartington & Co Ltd

Edington Plc

Financial & General Bank plc

Gartmore Money Management Ltd

Girobank plc High Interest Cheque Acc

Lloyds Bank High Interest Cheque Account

M & G/Kleinwort Benson

NatWest Special Reserve Account

Provincial Bank PLC

Royal Bank of Scotland plc

Save & Prosper/Robert Fleming

TSB Bank plc England & Wales Division

Tyndall & Co Ltd

J. Henry Schroder Wagg & Co Ltd

Western Trust High Interest Cheque Acc

Wimbledon & South West Finance Co Ltd

Money Market Trust Funds

Charities Aid Fndtn Money Mngmt Co Ltd

Charities Deposit Fund

Gartmore Money Management Ltd

UNIT TRUST NOTES

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Stock	Price £	+ or –	Yield Int.	Yield Red.
Exch 11pc 1989	99xd		11.02	13.36
Treas 5pc 1986-89	99		5.04	10.43
Exch 10¼pcCv '89	99½		10.33	13.27
Treas 13pc 1990‡‡	100		12.96	11.90
Treas 2pc IL '90(84.6)	132		2.09	9.98
Exch 11pc 1990‡‡	99		11.07	12.35
Exch. 12½pc 1990	99xd		12.50	12.70
Treas. 3pc 1990	95¾		3.13	9.29
Treas 8¼pc 1987-90‡‡	97		8.45	11.42
Treas. 8pc Cv 1990 ‡‡	97		8.21	11.11
Treas. 10pcCv 1990	97		10.22	12.04
Exch 2½pc 1990	93		2.67	8.02
Treas 11¾pc 1991	100		11.76	11.76
Funding 5¾pc '87-91‡‡	93		6.14	10.16
Treas. 3pc 1991	90		3.31	9.05
Treas 10pc Cv '91 ‡‡	97¾		10.24	11.41
Exch. 11pc 1991	99½		11.06	11.24
Treas. 8pc 1991	93		8.54	11.17
Treas 12¾pc 1992‡‡	103		12.26	10.79
Treas 10pc 1992	98		10.19	10.88
Treas. 8pc 1992 ‡‡	93		8.56	10.92
Treas 10½pc Cv 1992‡‡	99		10.58	10.80
Treas. 3pc 1992	85		3.51	9.02
Exch. 12¼pc '92	103xd		11.83	10.81
Exch 13½pc 1992	107		12.61	10.73
Treas 8¾pc 1993	93¾		8.85	10.60
Treas 10pc 1993‡‡	98¾		10.14	10.45
Treas 12½pc 1993‡‡	106		11.77	10.48
Funding 6pc 1993‡‡	87xd		6.84	9.73
Treas 13¾pc 1993‡‡	111		12.38	10.41
Treas. 8½pc 1994	93		9.12	10.45
Treas 14½pc 1994‡‡	115xd		12.61	10.27
Exch 13½pc 1994	111		12.16	10.44
Treas. 10pc Ln. 1994‡‡	98		10.11	10.29
Exch. 12½pc 1994	107		11.59	10.44

Five to Fifteen Years

Int.	Red.
9.48	10.25
11.28	10.40
3.90	8.07
10.28	10.30
11.45	10.22
12.00	10.36
9.44	9.98
12.33	10.25
11.59	10.23
10.05	10.14
11.48	10.21
10.31	10.14
9.36	9.95
11.99	10.34
9.91	10.03
8.12	9.66
11.85	10.21
10.83	10.15
9.68	9.78
10.86	10.13
10.21	10.02
10.10	10.00
9.26	9.76
9.49	9.78
10.97	10.15
9.93	9.88
11.59	10.31
9.81	9.84
10.84	10.18
9.85	9.78
9.75	9.75
9.49	9.68
11.19	10.20
9.74	9.65
10.45	10.01
9.70	9.60
6.04	8.54

BRITISH FUNDS—Contd

Over Fifteen Years

Stock	Price £
Conversion 9½pc 2004	99
Conversion 9½pc 2005	99
Exch.10½pc 2005	108xd
Treas. 12½pc 2003-05	121
Treas. 8pc 2002-06‡‡	88
Conversion 9¾pc 2006	102
Treas. 11¾pc 2003-07	115
Treas 8½pc 2007 ‡‡	93
Treas. 13½pc '04-08	130xd
Treas. 9pc 2008 ‡‡	98
Treas 8pc 2009	89xd
Conv 9pc Ln 2011 ‡‡	98¼
Treas. 5½pc 2008-12‡‡	66xd
Treas. 7¾pc 2012-15‡‡	86
Exch. 12pc '13-17	127

Undated

Stock	Price £	+ or –	Int.
Consols 4pc	43		
War Loan 3½pc‡‡	38		
Conv. 3½pc '61 Aft	65xd		
Treas. 3pc '66 Aft	34⅝		8.66
Consols 2½pc	27¾		9.15
Treas. 2½pc	27xd		9.21

Index-Linked

Stock (b)	Price £	+ or –	(1)	(2)
Tr. 2pc '92‡‡(97.8)	112xd		1.70	2.75
Do. 2 '94 (102.9)	105		2.28	2.85
Do. 2pc '96(67.9)	154xd		2.66	3.06
Do 2½pc '01(78.3)	130xd		3.15	3.41
Do. 2½pc '03(78.8)	127		3.24	3.47
Do. 2pc '06(69.5)	131		3.30	3.49
Do. 2½pc '09(78.8)	122		3.31	3.49
Do. 2½pc '11(74.6)	127		3.33	3.49
Do. 2½pc '13(89.2)	106		3.31	3.46
Do. 2½pc '16(81.6)	115		3.23	3.43
Do. 2½pc '20(83.0)	112		3.26	3.38
Do. 2½pc '24‡‡(97.7)	95		3.22	3.33

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing. (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1988: 110.3 and for July 1989: 115.5.

INT. BANK AND O'SEAS

Stock	Price £	Int.	Red.
African Dv Bk 11¼ Ln 2010	105	10.50	10.41
Asian Dev Bk 10¼pcLn2009	101	10.07	10.04
Australia 13½pc 2010	125xd	10.72	10.42
Do. 11⅛pcLn2015	109	10.44	10.36
Euro Inv Bk 11pc Ln 2002	105	10.46	10.27
Do. 10⅜pc2004	101	10.27	10.23
Int-Am Dev Bk 12½pc 2003	114	10.91	10.43
Do. 9¾pcLn 2015	96	10.09	10.11
Mlysia 10¾pcLn 2009	95xd	11.32	11.39
Utd. Mexican States 16½pc 2008	115	14.35	14.20

CORPORATION LOANS

1989 High	Low	Stock	Price £	Int.	Red.
102	99½	Birmingham 13½pc 1989	99½	13.57	11.20
111½	102½	Do. 11½pc 2012	107½	10.70	10.60
91	86½	GLC 6¾pc 1990-92	89½xd	7.54	11.70
124½	14½	Leeds 13½pc 2006	121½	11.11	10.72
33	30	Liverpool 3½pc Irred	30	11.67	–
95½	92	LCC 6¾pc '88-90	95½	7.07	10.90
30	27	Do. 3pc '20 Aft	28xd	10.71	–
107½	101½	Manchester 11½pc 2007	107½xd	10.70	10.60

COMMONWEALTH & AFRICAN LOANS

1989 High	Low	Stock	Price £	Int.	Red.
89½	86½	NZ 7¼pc 1988-92	89	8.15	11.70
206	206	S Rhod 2½pc Non-Asstd.	206	–	–
84½	84½	Do. 4½pc 87-92 Asstd.	84½	5.33	9.33

LOANS

Building Societies

Public Board and Ind.

1989 High	Low	Stock	Price £	Int.	Red.
47	45	Met. Wtr. 3pc 'B'	46xd	6.53	10.62

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	40	Greek 7pc Ass.	40		3.50	18.75
45	40	Do. 6pc 28 Stb Ass.	40xd		3	17.50
45	40	Do 4pc Mixed Ass.	40xd		2	15.00
80	65	Hung. '24 Ass	80		2.75	13.57
139	128	Hydro Quebec 15pc 2011	135		15.00	10.78
128	118	Iceland 14½pc Ln 2016	125		14.50	11.40
97¼	91½	Ireland 9¾pc '91-96	93xd		9.75	11.20

AMERICANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
40⅞	26¼	Abbott Laboratories	40xd		$1.40	–	2.2
579p	361p	Allegheny & W 1c.	462p	–8	30c	–	4.1
18⅞	12	Amax $1	18xd		80c	–	2.7
11	6	Ambase Corp $1	10xd		20c	–	1.2
15	865p	Amdahl 5c.	950pxd	+24	h10c	–	0.7
37	25½	Amer Cyanamid $5	37		$1.35	–	2.3
23⅞	14	Amer. Express 60c	25xd		84c	–	2.2
16	854p	Amer. Medical Inc. $1	16		†72c	–	2.8
25¾	15¾	American T & T. $1	25¾	+1	$1.20	–	2.9
39	26	Ameritech $1	39¾		h$2.92	–	4.6
669p	535p	Asiamerica Equity	558p			–	–
20	9⅝	BankAmerica $1	20xd		60c	–	1.9
34	19	Bankers N Y $1	34xd		$2.08	–	3.9
63	38½	Bell Atlantic $1	63		$4.08	–	4.1
33¼	19⅝	BellSouth Corp.	32		$2.52	–	4.9
15⅞	12	Bethlehem Steel $8	13xd			–	–
11	868p	Bio-Rad Labs. A	10			–	–
20¼	15	Bowater Inc	19		$1.12	–	3.7
12⅞	9¼	Brunswick 75c	11xd		44c	–	2.5
42½	28	CPC Intnl. 25c	41		$1.60	–	2.4
798p	333p	California Engy	660p	+35		–	–
36	17	Campbell Soup 15c	34xd		92c	–	1.7
25	15	Chase Manhattan $12½	25xd		$2.36	–	5.9
24½	17	Chem. Banking Corpn.	24		$2.72	–	7.1
16	13	Chrysler $6¼	16xd		$1.20	–	4.7
22	14	Citicorp $1	21xd		$1.62	–	4.9
250p	107p	CityFed Fin. Corp	175p		4c	–	1.4
37	25	Colgate-Palmolive $1	37xd	+1	$1.45	–	2.5
17	10	Cont. l Bank Corp $4.	16		86c	–	3.1
387½p	218p	Corporate Data Scnce	320p	+8		–	–
547p	278p	Cullinet Sftwr 1c.	519p	–9		–	–
27½	21	Dana Corp. $1	26		$1.60	–	3.8
12	854p	Data General	10			–	–
38	28	Dun & Bradstreet $1	38		$2.00	–	3.3
42	30	Eaton Corpn. 50c	42		h$2.00	–	3.0
11	8	Echlin Inc	11		70c	–	4.0
20	16	FPL Group 1c	20xd		$2.20	–	7.0

Continued on next page

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LONDON SHARE SERVICE

AMERICANS—Contd

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33	27⅞	Ford Motor $1	33	+⅛	$3.00	–	5.7
37	24¼	Gen. Elect. 63c	37	+	$1.64	–	2.8
575p	460p	General Host Corp $1	575p	+33	30c	–	3.3
39⅞	18¼	Gillette $1	28¾	+⅛	96c	–	2.1
987p	601p	Gt American Bank Bk $1	775p	–23	60c	–	4.9
23⅝	16⅞	Greyhound $1½	23⅝	+⅛	$1.32	–	3.6
14¼	847p	Hasbro Inc 50c	14¼	.....	16c	–	0.7
57	32¾	Honeywell $1½	57	+	$2.10	–	2.3
21½	15¼	Houston Inds.	21½	+⅛	$2.96	–	8.7
74⅝	63	IBM Corpn $1¼	73	+1	$4.84	–	4.1
60p	45p	Image Storage/R.Sys.1c	55p	.....	–	–	–
30¼	19¾	Ingersoll-Rand $2	30¼	+	$1.20	–	2.5
33	22½	Lockheed Crpn. $1	32	.....	$1.80	–	3.6
22⅝	15	Lone Star Inds $1	22⅛	+⅛	$1.90	–	5.4
26	17½	Louisiana Land 15c	26	+1⅛	$1.00	–	2.4
19⅝	11½	Lowe's 50c	19⅝	+⅛	48c	–	1.5
26	15	Manuf. Hanover $1	25¼	–¼	$3.28	–	8.1
22⅝	13	Merrill Lynch $1	21	+	$1.00	–	2.9
2393p	1910p	Molex Inc	2393p	+30	3.2c	–	–
27	18⅛	Morgan (JP) $2½	26	+⅛	$1.66	–	4.0
101	98	Morris (Philip)	101	+	$4.50	–	2.8
54½	36⅛	NYNEX $1	51	+⅛	$4.36	–	5.4
44p	20p	N'wide Legal Serv.	28p	+4	–	–	–
24⅝	18¼	PHH Corp.	24¾	+¼	$1.12	–	2.9
254p	180p	Pacific Agr.	180p	.....	–	–	–
27¼	19	Pacificorp $3¼	26⅝	+⅛	$2.76	–	6.3
29½	16⅞	Pacific Telesis 10c	29½	+⅞	$1.88	–	4.0
22⅛	15¼	Pall Corp. 25c	21	+⅛	48c	–	1.4
55⅝	39	Pennzoil 83 1/3c	52¾	+⅜	$3.00	–	3.6
42¼	28⅞	Quaker Oats $5	41	+	$1.20	–	1.8
32⅝	23½	Rep NY Corpn $5	30⅞	–	$1.28	–	2.6
15⅛	11	Rockwell Intl. $1	14⅝	+	78c	–	3.4
28½	28½p	Sears, Roebuck 75c	29p	+½	$2.00	–	–
35½	21⅛	Southwestern Bell $1	34½	+½	$2.60	–	4.8

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

هكذا من الأصل

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LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING – Contd

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES – Contd

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND – Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES – Contd

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security name: ● Alpha, β Beta, ◆ Gamma. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

● "Tap Stock"

* Highs and lows marked thus have been adjusted to allow for rights issues for cash

† Interim since increased or resumed

‡ Interim since reduced, passed or deferred

‡‡ Tax-free to non-residents on application

◆ Figures or report awaited

♥ Not officially UK listed; dealings permitted under rule 535(4)(a)

✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.

‡‡ Not officially listed.

Price at time of suspension

¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.

◆ Merger bid or reorganisation in progress

♣ Not comparable

♠ Same interim; reduced final and/or reduced earnings indicated

§ Forecast dividend; cover on earnings updated by latest interim statement.

‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.

☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.

▮ No par value

B.Fr. Belgian Francs. Fr. French Francs ●● Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; ✱ ex capital distribution.

Stocks previously listed under Shipping are now included in the Transport sector, as are others heretofore dispersed under several other headings.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or -
Albany Inv 20p ... y	96	......
Craig & Rose £1 ... y	838	......
Finlay Pkg 5p ... y	86	......
Holt (Jos) 25p ... y	1330	......

IRISH

Stock	Price	+ or -
Cap. 8½% Ln. 1991 .. y	£98½	......
9pc Cap Ln 1996 .. y	£100½	......
Fin. 13% 97/02 .. y	£120½	......
Arnotts ... y	420	......
Carrol (P.J.) ... y	160	......
Hall (R. & H.) ... y	170	+2
Heiton Hldgs ... y	92	......
Irish Ropes ... y	215	......
United Drug ... y	158	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons ... y	38
Amstrad ... y	11
BAT ... y	80
BOC Grp ... y	42
BSR ... y	6½
BTR ... y	32
Barclays ... y	42
Blue Circle ... y	24
Boots ... y	25
Bowaters ... y	44
Brit Aerospace ... y	52
British Steel ... y	7½
Brit. Telecom ... y	21
Burton Ord ... y	18
Cadburys ... y	45
Charter Cons ... y	48
Comm Union ... y	32
Courtaulds ... y	30
FKI ... y	14
FNFC ... y	22
Gen Accident ... y	85
GEC ... y	20
Glaxo ... y	110
Grand Met ... y	48
GUS 'A' ... y	90
Guardian ... y	18
GKN ... y	34
Hanson ... y	16
Hawker Sidd ... y	60
ICI ... y	100
Jaguar ... y	28
Ladbroke ... y	28
Legal & Gen ... y	26
Lex Service ... y	33
Lloyds Bank ... y	29
Lucas Inds ... y	58
Marks & Spencer ... y	15
Midland Bk ... y	38
Morgan Grenfell ... y	24
Nat West Bk ... y	25
P & O Dfd ... y	55
Plessey ... y	22
Polly Peck ... y	26
Racal Elect ... y	20
RHM ... y	42
Rank Org Ord ... y	80
Reed Intnl ... y	34
STC ... y	32
Sears ... y	10
Smithkline Bchm. A ... y	50
TI ... y	38
TSB ... y	10
Tesco ... y	14
Thorn EMI ... y	58
Trust Houses ... y	24
T&N ... y	18
Unilever ... y	46
Vickers ... y	18
Wellcome ... y	42

Property

Stock	p
Brit Land ... y	32
Land Securities ... y	52
MEPC ... y	50
Randsworth ... y	28

Oils

Stock	p
Brit Petroleum ... y	21
Burmah Oil ... y	50
Calor ... y	35
Charterhall ... y	2½
Premier ... y	9
Shell ... y	32
Ultramar ... y	26

Mines

Stock	p
Cons Gold ... y	150
Lonrho ... y	30
RTZ ... y	40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

FINANCIAL TIMES
Weekend August 26/August 27 1989

GM to take 26.5% stake in Avis Europe

By Clay Harris

GENERAL MOTORS is to take a 26.5 per cent stake in Avis Europe, Europe's largest car hire company, as part of an £896m agreed bid announced yesterday.

The takeover is a step towards a likely re-unification of Avis Europe with its US namesake, which floated it on the London stock market in November, 1986. GM already has a similar stake in Avis Inc, Avis Europe's former US parent, which is participating in the offer.

The largest shareholder in the bidding consortium, with 64.7 per cent, is Lease International, a Luxembourg company owned by D'Ieteren, a Belgian car distribution and financial services group, and Générale Bank, Belgium's largest bank.

Citibank of the US and France's Société Générale have arranged a loan facility of £675m for the highly leveraged bid.

GM's decision to commit £90m to the bid continues a global trend among motor manufacturers to own rental companies. Avis Europe was described by one merchant banker as the "last virgin" in this regard.

At Hertz, Avis's leading worldwide rival, Ford owns 49 per cent and Volvo 26 per cent. Ford also financed, but did not take an equity stake in, a 1988 buy-out of Budget Rent a Car. Europcar is a joint venture between Volkswagen and Wagons-Lits.

In addition to its Avis stake, GM has a minority holding in National of the US. Also in the US, Chrysler recently paid $263m for Thrifty.

The manufacturers' intention in all cases is to safeguard supply arrangements with the hire firms. GM supplies nearly 20 per cent of Avis Europe's cars, second only to Volkswagen's 25 per cent share, although the proportions vary widely. In the UK, half of Avis's cars come from Rover Group, with the rest split evenly between GM and Ford.

In Europe, Avis has an overall 35 per cent share of airport rentals – a yardstick for the car hire market which excludes small local operators.

Its strongest presence is in Spain, where it has more than 40 per cent of the market, followed by the UK, where its share is approaching that figure.

Avis Europe is also a leading fleet leasing operator, with 94,000 vehicles in 14 countries, and owns nine motor dealerships in northern England. In the year to February 28, it reported pre-tax profits of £72m on turnover of £623.3m.

Mr Alun Cathcart, who will remain Avis Europe chairman, pointed to the logic of an eventual merger with Avis Inc. "Our markets are going to become global in nature," he said. "The costs of mounting computer systems capable of handling this future are absolutely formidable. If you put the companies together it gives a wider base to spread the cost."

Mr Joseph Vittoria, his counterpart at Avis Inc, said, however, that the US company's ownership – it has been controlled by an employee share ownership plan (Esop) since 1987 – might delay the marriage.

"It is something that we would certainly look forward to, but it's not something that we can immediately contemplate," Mr Vittoria said.

Between them, Avis and Lease International own 26.1 per cent of Avis Europe's ordinary shares. Avis also has an interest in a 7.3 per cent stake which is subject to a £50m debenture. Avis Inc will own 8.8 per cent of Avis Europe if the bid goes through. The transaction would reduce its own borrowing by more than £133m.

Avis Europe shares rose 25p to 585p yesterday, compared with the 600p offer price. Citra Holdings, the bid vehicle, is advised by Lazard Brothers and Avis Europe by Morgan Grenfell.

Nikki Tait writes: Citibank and Société Générale are co-underwriting the £675m of senior debt facilities. Only 30 per cent will be in sterling, the balance being in Ecus – reflecting the cash flows of the underlying business which is spread across six countries.

On the assumption that the company is taken private, the bankers are arranging a £425m term loan, again with an Ecu reference, repayable over seven years. On top of this, there will be a £1.1bn two-year revolving facility, to meet working capital needs and fleet financing.

Dow builds on record-breaking rally

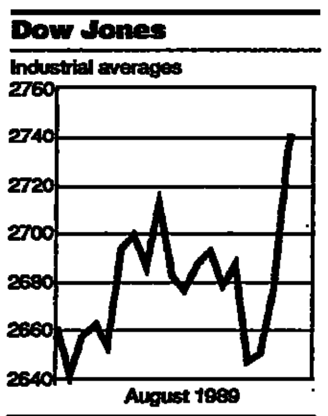
By Janet Bush in New York and Simon Holberton in London

WALL STREET yesterday built on Thursday's explosive stock market rally which vaulted the Dow Jones Industrial Average of US blue chip industrial companies to a record high.

The Dow surged 56.43 points on Thursday to a record closing high of 2,734.64, and yesterday impressively held its ground without the benefit of positive economic news. This contrasted with dullness in other US markets. At midsession, it was quoted 7.2 points higher at 2,741.84.

In London, UK share prices closed at a post-crash high, which left the FT-SE 100 Share Index just 45.9 points off its all-time high, reached in July 1987.

London share prices have been boosted by factors including Wall Street's performance,



continuing speculation about company takeovers, a general reluctance by big investors to sell and some foreign buying, UK analysts said. However, prices had moved higher in thin trading and the market could be vulnerable if talk of takeovers was to abate.

The performance of the London market has taken some big UK securities houses by surprise. Many had forecast the FT-SE index rising to about 2,400 – but by the end of the year. The FT-SE index closed 4.3 higher yesterday at 2,397.4, a post-crash high, but below the index's all-time closing high of 2,443.3 on July 16 1987.

Yesterday's steady performance in New York was in contrast to the previous closing high of 2,722.42, hit exactly two years ago on August 25 1987. On that occasion, the Dow dropped precipitously for the next three sessions.

The share buying spree last week was fuelled by aggressive speculation in rumoured takeover issues and large scale computerised dealing. There was, however, genuinely enthusiastic buying by US institutional, if not individual investors, who are believed to have returned to the market in significant numbers.

Mr Michael Metz, equity analyst at Oppenheimer, said: "This rally simply reflects the fact that investors have been substantially under-committed to the equity market."

While last week's mix of programme trading and speculation is reminiscent of August 1987, just two months before the crash of October 19, it is not thought the current market is near being overvalued.

World Stock Markets, Page 12; London Stocks, Page 15; Weekend, Page II; Leader, Page 6

Barings fails to find BAT scheme backing

By Nikki Tait

BARING BROTHERS, the merchant bank, has failed to obtain sufficient support from investing institutions for an alternative reconstruction plan for BAT Industries, the tobacco-based UK conglomerate which is the subject of a £13.5bn bid from Sir James Goldsmith's Hoylake consortium.

The bank has told leading BAT shareholders that it remains ready to act but does not believe it has the required mandate to push ahead at this stage.

However, letters sent by Barings to various institutions which it had previously contacted will be of little comfort to Mr Pat Sheehy, BAT's chairman, as he attempts to see off the Hoylake bid.

The implication is that a significant band of institutions plan to continue putting pressure on BAT to address itself to the problem of the gap between the group's pre-bid share price and the perceived underlying value of the company.

One fund manager yesterday described the Baring reconstruction proposals as being "on hold," depending on how events develop.

In its letter, Barings said the response to its scheme fell into three categories; institutions who were sympathetic to its plans and wished it to act; those who were sympathetic but wished to pursue the matter themselves; and those who were sceptical of the plan's success.

Institutions falling into the first category appeared unlikely to speak for the 15 per cent of BAT which Barings was seeking as a mandate to proceed further. However, a significant proportion of these institutions did fall into a combination of the first and second categories.

The Barings scheme envisaged a reconstruction of the group around a single holding company with four classes of shares, corresponding to its four businesses – tobacco, retailing, paper and insurance.

The response by BAT to pressure from the institutions has been to acknowledge their requests, but to indicate that any financial restructuring would be considered as a longer-term option.

Separately, BAT, through its solicitors, has told Hoylake that it regards as misleading a circular sent to shareholders in Anglo Group – the quoted company which would end up owning 75 per cent of Hoylake if the bid is successful, and in which shares are being offered to BAT investors as part of the offer.

The circular relates to an extraordinary general meeting to be held on August 31.

BAT argues, on the advice of Mr David Oliver QC, that if the resolutions to be put to the meeting are passed, they will be invalid.

It suggests that the meeting should be reconvened, a new circular sent, and that various Hoylake consortium members who hold 76 per cent of Anglo should be barred from voting.

Hoylake, meanwhile, has been required by the Takeover Panel to put on display its conditional sale agreement of BAT's US insurance arm, Farmers Group, to Axa-Midi, the French-based insurance group.

Hope dwindles for Cambodia peace talks

By George Graham in Paris

THE International peace conference on Cambodia, which opened amid optimism in Paris a month ago, appears to be heading for failure.

The 17 foreign ministers who took part in the opening session of the conference have been asked to return for its closing due to start on Monday. Several, however, including Mr James Baker of the US and Mr John Major of the UK, will not attend.

All the major parties appeared determined to find a solution to the conflict that has torn Cambodia apart since Prince Norodom Sihanouk, its hereditary ruler, was ousted by a military coup in 1970.

The government of Mr Hun Sen, backed by Vietnam, and the three-party resistance coalition led by Prince Sihanouk, including the Khmer Rouge, accepted an initial working document.

But now, delegates say, positions have hardened during committee discussions over the last three weeks. Agreed wording has been disputed and there has been no progress in bridging the divergent positions of the two Cambodian camps.

Some Western delegations continue to hope that the return to Paris of the leaders of the main parties, including Mr Hun Sen and Mr Nguyen Co Thach, the Vietnamese foreign minister, might prompt a last-minute compromise. Most recognise, however, that a full agreement now would be little short of miraculous. The stumbling block is the failure of the Cambodian factions to agree on a power-sharing arrangement in the run-up to elections.

The resistance coalition wants all four parties represented in the transitional government. Prince Sihanouk, while disliking intensely the Khmer Rouge, believes that the only way to control them is to include them in the process.

The Phnom Penh government, on the other hand, is determined to exclude the Khmer Rouge, driven out of Cambodia by Vietnamese troops at the beginning of 1979.

Recently Mr Hun Sen appears to have become more intransigent. Some delegates fear he has gained confidence in his ability to sustain an all-out war against the Khmer Rouge after the last Vietnamese troops have pulled out of Cambodia on September 26.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)					
Rises			Imetal	366.9	+ 23.3
Lufthansa	198.5	+ 8.7	Olipar	452.8	+ 24
Daimler	834	+ 26.5	OFP	1514	+ 72.4
Schering	766.5	+ 14.5	**Falls**		
Falls			Moulinex	139.5	– 4.1
Henkel	559.2	– 4.3	Lab Bellon	2355	– 63.3
NEW YORK ($)			**TOKYO (Yen)**		
Rises			**Rises**		
General Motors	47 7/8	+ 1 1/4	CSK	7430	+ 760
Phillips Pet	29 1/2	+ 1	Lead	1050	+ 105
Proctor&Gamble	132 3/4	+ 1 3/8	Nikko Elec Ind	1070	+ 100
Texas Air	21 5/8	+ 1 5/8	**Falls**		
Falls			Tachikawa	1140	– 90
Int Flav&Frag	68 3/4	– 1/2	Miyairi Valve	1310	– 80
Motorola	57 3/4	– 1 1/8	Seibu Railway	5160	– 300
PARIS (FFrs)					
Rises					
Truffaut	440	+ 32.2			
New York prices at 12.30.					
LONDON (Pence)					
Rises			Reckitt&Colman	1274	+ 28
Avis Europe	585	+ 25	Text'd Jersey	185	+ 14
BAA	366	+ 10	Unilever	671	+ 12
Body Shop	450	+ 6	Warburg (SG)	414	+ 14
Boots	303	+ 6	**Falls**		
Enterprise Oil	589	+ 10	BAT Inds	857	– 9
Euro Home Prds	185	+ 8	Bass	1084	– 20
Glaxo	1570	+ 21	Jourdan (T)	88	– 22
Hambros	225	+ 11	Kingfisher	340	– 5
Hewitt (J)	135	+ 8	McCarthy&Stone	117	– 8
Macallan-Glen	555	+ 35	Redland	543	– 18
Pentland Grp	89	+ 7	Speyhawk	310	– 10
RTZ	559	+ 10	Whitbread A	389	– 7

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	29	82	Dallas		–	–	Madeira	F	24	75	Prague	C	21	70
Algiers	F	33	91	Dublin	R	15	59	Madrid	S	32	90	Reykjavik	S	12	54
Amsterdam	F	18	64	Dubrovnik	S	30	86	Majorca	F	31	88	Rhodes	S	29	84
Athens	S	35	95	Edinburgh	F	14	57	Malaga	F	29	84	Rio de Janeiro		–	–
Bahrain	S	38	100	Faro	S	30	86	Malta	T	28	82	Rome	S	29	84
Barcelona	F	30	86	Florence	S	31	88	Manchester	C	15	59	Salzburg	S	24	75
Belfast	C	13	55	Frankfurt	C	19	66	Melbourne		–	–	S'Francisco †	F	12	54
Belgrade	F	30	86	Geneva	S	27	81	Mexico City		–	–	Santiago		–	–
Berlin	R	14	57	Gibraltar	S	28	82	Miami †	S	28	82	Seoul	S	29	84
Biarritz	C	23	73	Glasgow	F	14	57	Milan	S	29	84	Singapore	C	26	79
Birmingham	R	15	59	Guernsey	Dr	17	63	Montreal †	S	8	46	Stockholm	R	12	54
Blackpool	R	15	59	Helsinki	C	13	55	Moscow	C	18	64	Strasbourg	S	26	79
Bombay	Dr	25	77	Hong Kong	F	30	86	Munich	S	25	77	Sydney	S	15	59
Bordeaux	S	28	82	Innsbruck	S	26	79	Nairobi	C	22	72	Tangier	S	34	93
Boulogne	C	19	66	Inverness	C	13	55	Naples	C	31	88	Tel Aviv	S	31	88
Bristol	C	20	68	Isle of Man	R	13	55	Nassau		–	–	Tenerife	S	31	88
Brussels	C	18	64	Istanbul	S	30	86	Newcastle	C	14	57	Tokyo	C	26	79
Buenos Aires		–	–	Jersey	C	19	66	New Delhi	F	30	86	Toronto †	S	11	52
Budapest	F	26	79	Johannesburg	S	24	75	New York †	S	17	63	Tunis	C	32	90
Cairo	S	35	95	Las Palmas	S	29	84	Nice	S	27	81	Valencia	S	30	86
Cape Town	R	16	61	Leeds	C	14	57	Nicosia	S	30	86	Venice	S	27	81
Cardiff	C	20	68	Lisbon	S	28	82	Oporto	C	21	70	Vienna	S	28	82
Chicago †	S	18	64	Locarno	S	29	84	Oslo	F	15	59	Warsaw	F	21	70
Cologne	R	16	61	London	C	21	70	Paris	F	21	70	Washington †	S	19	66
Copenhagen	F	16	61	Los Angeles †	C	18	64	Peking	F	28	82	Wellington	F	16	61
Corfu	S	33	91	Luxembourg	C	15	59	Perth	F	14	57	Zurich	S	24	75

C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder.
† Noon GMT temperatures

Voyager

Continued from Page 1

dull atmosphere which Voyager observed around Uranus in 1986.

Astronomers had regarded Uranus and Neptune – virtually indistinguishable when viewed from Earth – as sister planets.

Now they must explain why Neptune seems so much more lively, even though it is 1bn miles further from the Sun than Uranus. Presumably Neptune has some form of internal heating to power its weather systems.

● *The glaciated landscape of Triton.* "Triton will upstage Neptune," said Dr Richard Terrile, a Nasa astronomer. "It's filled with hummocky, rippling terrain." The features observed on Neptune's largest moon include ancient ice volcanos, cliffs and extensive geological faults.

The landscape is tinged with pink and blue, probably the result of discoloured ice and frozen methane (natural gas).

● *Neptune's rings and moons.* In addition to Triton and its smaller sister Nereid, which had already been seen from Earth, Voyager has discovered six new moons.

It has also found a complete ring of dust and pebble-sized material encircling Neptune, although this was first thought to be a partial ring or ring arc.

A second ring arc seen farther out from Neptune is almost certainly a complete ring too. Astronomers had believed that the gravitational pull of Triton, orbiting in the opposite direction to the arcs around Neptune, would disrupt the particles so much that a complete ring could not form.

En route to Neptune, the one-tonne spacecraft had sent back close-up pictures of Jupiter, Saturn and Uranus.

Voyager's 11 scientific instruments have survived the four planetary encounters intact, and its nuclear generator is expected to produce enough power for them to continue transmitting information about interplanetary space back to Earth for another 30 years.

So, in spite of today's jubilation at Nasa, the Voyager story is not quite over.

Early in the next century the small spacecraft will cross the invisible boundary of the solar system, known as the heliopause, beyond which the Sun's energy has no influence on space. It may then provide our first direct measurements of true "interstellar space."

And eventually Voyager will pass by other stars and other solar systems, its instruments long dead, but bearing a copper disk with recordings of life on Earth in the mid-1970s.

If any extraterrestrial being ever plays the record, it will find that the highlight is a greeting from Dr Kurt Waldheim, the then secretary-general of the United Nations.

Eagle Trust

Continued from Page 1

£13.5m.

Separately, Mr Andrew Fitton, chief executive of Braithwaite, the industrial services company, said yesterday that he was keeping a close eye on the Eagle situation. "We are specifically interested in buying two Eagle subsidiaries," he said. "We were interested in buying Samuelson (Eagle's film lighting subsidiary) 18 months ago."

Mr Fitton played down suggestions that he might be asked to take over from Mr Malcolm Stockdale, Eagle's chairman. "Nothing like that has been advanced to me," he said. Mr Stockdale, who is also chairman of Iroquois Brands, the US group, commands two seats on the Eagle board.

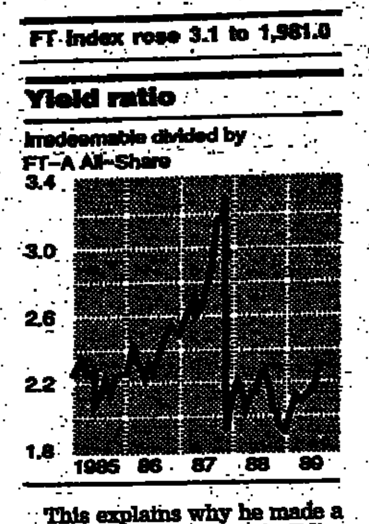
However, Iroquois has refused to pay for the 12.9 per cent stake in Eagle it acquired last May, arguing that warranties given to it by Mr Ferriday have not been met. The shares are held in an escrow account.

THE LEX COLUMN

A fairly happy anniversary

As it happened, Wall Street was just out. The Dow hit its new peak on Thursday, a day before the previous record's second birthday. For the London market, just 46 points short of its own record on the FT-SE, the occasion is as much one for apprehension as celebration.

The soothing answer is that both in London and New York the market multiple is much lower now than before the crash. This needs to be interpreted with caution. The immensely strong dividend growth of the past two years has meant that with hindsight, the market in 1987 was not as overvalued as it looked.



It is a little ominous that at a time when dividend growth may be set to fall back to single figures, the historic yield on the All-Share should have dropped below 4 per cent.

The last time this happened was in 1986/7, and before that in 1971/2.

Not that the market is anything like as dear now as it was then; in 1987, the yield dropped to a nonsensical 2.9 per cent. But it remains curious that while there should be general agreement in London that equities are worryingly high, no-one is minded to do anything about it.

Much of the answer has to do with institutional liquidity. If the bids for BAT and Plessey go through, in the wake of such as Gold Fields and Ward White, some fund managers could find as much as 8 per cent of their equity portfolios turned into cash.

Even if this does not go back into the market, few investors are going to add to that excess liquidity by actual selling.

This is another contrast with two years ago. Then, a flood of cash calls from Blue Arrow to BP were taking more than £5bn out of the market. Now issuing equity is for wimps, and leverage is all.

But there is no greater fallacy than the weight of money argument; once the market starts to crack, watch the money disappear.

Media owners

Mr Rupert Murdoch had to become a US citizen so that he could hold onto his growing US TV empire, and he fought long and hard to try to circumnavigate US laws on media cross-ownership.

It should come as no surprise, therefore, that he is campaigning equally aggressively to prevent similar curbs being imposed on his UK media empire.

This explains why he made a rare public appearance in Edinburgh yesterday to lecture his many critics in the TV world on the touchy subject of freedom in broadcasting.

His arguments in favour of market-led broadcasting will doubtless strike a sympathetic chord in certain parts of the Government.

But he does sell 24 per cent of all UK newspapers. There is a very real fear that this will give him an unfair advantage in accelerating the day when his infant Sky TV is seen in several millions British homes and is a commercial success.

The Office of Fair Trading has to make up its mind shortly on whether to refer the issue of media cross-ownership to the MMC. But even if it is not referred, it is likely that the battleground will move to next year's broadcasting bill, covering TV deregulation.

However much the Government may like the sound of Mr Murdoch's message, it would be a great surprise if the opposition did not force reasonably enforceable curbs on media cross-ownership to be written into the new broadcasting legislation.

Avis Europe

Doubtless what is good for General Motors is good for America. It is harder to decide whether GM and its friends are doing a favour to Avis Europe's UK shareholders.

Yesterday's £896m agreed bid for the car hire and leasing company makes good sense for GM and Avis commercially. But at 600p per share, its generosity or otherwise is a matter for finely-balanced debate.

One sees the point of taking Avis Europe private as a prelude for reunion with Avis Inc; the two were only sundered because of KKR's buy-out of Avis's former owner Beatrice.

Given shared computer technology, the emergence of global buying, and the trend for motor manufacturers to buy stakes in car hire giants, putting them back together may have been inevitable.

Not that this matters to UK institutions. Another bidder might appear – Fiat was mentioned by observers yesterday – but with Avis Europe's share price stuck at 585p, the City sees this as an outside chance. That leaves the 600p, which at 20 times last year's earnings could seem mean by recent standards.

Chrysler paid a multiple of 28 not long ago to buy Thrifty, a US car hire firm with a much weaker brand than Avis. And Citicorp's readiness to help Avis Europe add an extra £675m of debt to its existing £350m indicates strong confidence in its future.

With 35 per cent of Europe's airport car hire market, Avis Europe will benefit handsomely if future airline deregulation boosts traffic as in the US.

The hitch in this argument is that so many fund managers turned their noses up at Avis Europe's shares when it was floated at 250p in 1986. If they bought in 1987 at less than £3, yesterday's offer leaves little scope for complaint.

Sea Containers

Stena's decision to sell a token part of its stake in Sea Containers is all part of the game of bluff being waged by both sides in this long drawn-out transatlantic takeover battle.

When the Anglo-Swedish consortium upped its bid to $63 just under a fortnight ago, great play was made of the fact that Tiphook, the financially stretched UK partner, could not afford to pay more than $60 a share and that Stena had to top up the rest of the offer from its own resources. This was almost the same as saying that this was the consortium's second and final bid.

By selling some shares, Stena is presumably trying to send the market a signal; but it would have to dump the lot if it really wanted its message to be taken seriously. A $4.5m share sale is neither here nor there in a $1bn takeover battle.

Indeed, it would make obvious sense for Stena and Tiphook to let their bid lapse, sell their shares and wait for Sea Containers to come up with the rival recapitalisation plan to which it is committed. Then they could cap the offer.

Weekend FT

SECTION II — Weekend August 26/August 27, 1989

IN Oklahoma, they say, one thing matters more than the price of oil: the University of Oklahoma football team. Over the years, the Sooners – named after the settlers who jumped the gun in the Oklahoma land rush a century ago - have compiled a winning record which has turned into a major source of state pride.

Next Saturday marks the opening of another Sooner season. A crowd of 75,000 people is expected at Owen Field, the athletics stadium which stands incongruously next to mock-Oxford spires in the middle of the campus. The oil men will roll into town in their Cadillacs and their cowboy hats, accompanied by their wives dressed in diamonds and three-inch stiletto heels. Somewhere in the crowd, no doubt, will be Cecile Samara, the 72-year-old Oklahoma fan who has criss-crossed the Great Plains in his Model T Ford ("Big Red") to attend every Sooner game since 1948.

Yet amid the blaring of the klaxons, the sea of crimson and cream banners, and the general air of festivity, one question will be on everyone's lips: how can the Sooners survive without Barry Switzer, the bootlegger's son from Arkansas who, over the past 16 years, won more games than any other coach in college football history.

On June 19, several months after the arrest of Charles Thompson, his star black quarterback, on charges of selling cocaine to an undercover agent, Switzer submitted his resignation. A relieved university accepted, knowing that Switzer's winning record and his state-wide popularity made him virtually sack-proof. Critics noted that Switzer's resignation confirmed what had long been suspected: the Oklahoma football programme was out of control.

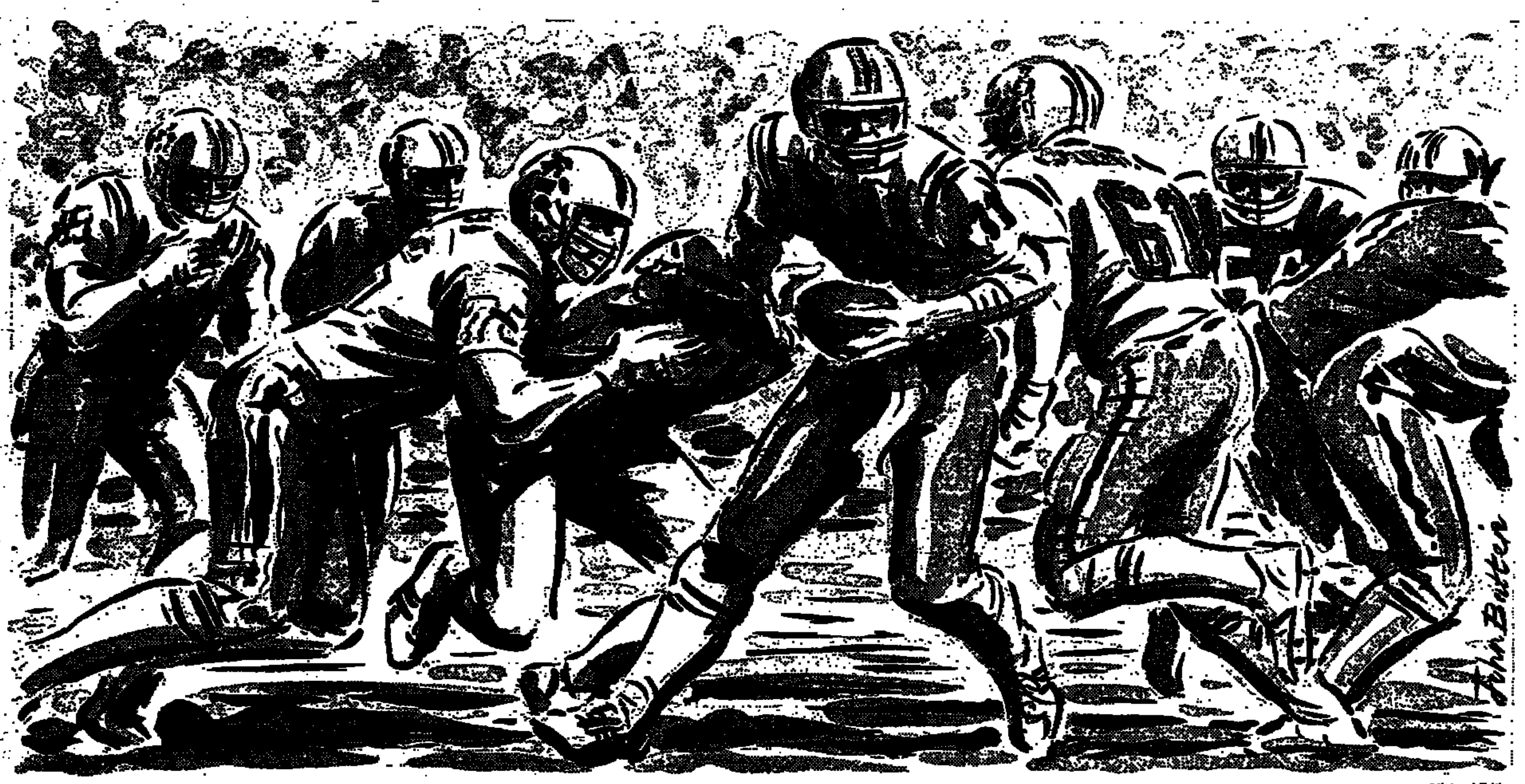
The evidence began to mount last year when Brian Bosworth, the blond, bumptious 270lb line-backer now playing professional football with the Seattle Seahawks, released a ghost-written autobiography which described drug-use, off-the-field violence, and machine-gun play in the Oklahoma dorm. These were hardly isolated displays. Earlier this year, one of Switzer's players shot a team mate in the chest in a dispute over a cassette tape. Days later, a 19-year-old Oklahoma City woman told police that five players gang raped her in the Bud Wilkinson Athletic dormitory. Rape charges followed.

The Sooner scandal shocked the sports world – or, at least, the sports authorities and the press professed outrage. The story, in fact, amounted only to an extreme version of a disease which has long infected college athletics in the US: the elevation of sporting prowess over academic heightened by the corrupting influence of money and television which has turned sports such as football into multi-million dollar businesses. The Sooner scandal is the American scandal writ large.

College football at the University of Oklahoma developed with the noblest goals in mind. Back in 1945, local leaders gathered to discuss plans for the post-war era, not only for the university but also for the state.

"Morale was very low," recalls Dr George Lynn Cross, the University President from 1944-68. He blames the impact of John Steinbeck's novel, "The Grapes of Wrath," a harrowing account of how the dirt farmers from Oklahoma migrated to California in search of the promised land. The work, first published in 1939, drew acclaim in the East Coast literary salons, but it stuck in the craw of Oklahomans who resented being compared to dispossessed peasantry. "We searched for something to give the state," says Cross, now 84, "and we hit on football."

The idea was to recruit the best athletes out of the armed forces, and put together a winning team. Some 600 sportsmen attended inspection on Owen Field that spring. The best and the beefiest joined two new coaches, Jim Tatum and Charles "Bud" Wilkinson. Cross remembers Tatum as a "brutal, nasty, profane man", but he was charmed by Wilkinson, a tall, blond, well educated Minnesotan who could deliver a pre-match pep talk rivalling the Gettysburg Address. "He prepared his team by using logic rathr than emotion," says Cross, "but his logic was such that he inspired great emotion."



Michael Frith

The order of the boot

***Lionel Barber** on the scandals that have rocked football fans in Oklahoma*

In the 1950s, the Sooners were virtually unbeatable. They won 47 games in a row, a feat still recounted with awe today. The Wilkinson era ended officially in 1963, when he stepped down as coach and ran unsuccessfully as a Republican for the US Senate. Unofficially, his era lived on, leaving a heavy burden for Barry Switzer, who joined the coaching staff in 1966 and took over as head coach in 1973.

Switzer grew up in hill-country in Crosett, Arkansas. His mother committed suicide, and his moonshining father was shot dead in 1972. Switzer's life mission was to escape his modest upbringing and make himself the best coach in college football. He was a great motivator in a game renowned for its physical violence and intensity. But he was an even better tactician: he invented and developed the "Wishbone Offence", the revolutionary tactical formtion which expanded the number of running backs and put emphasis on speed, rather than bulk, to gain yardage.

By the late 1970s, the competition was getting stiffer and the role of money growing ever more pervasive. The National Collegiate Athletics Association, the national governning body, responded by laying down much more explicit rules on expenses, benefits and above all academic performance by college athletes. In Oklahoma, it is fair to say, the new rules were seen as an unnecessary interference in what had turned into a million dollar business enterprise.

Any analysis of the disaster which befell Oklahoma usually begin with the Board of Regents – the university's governing body. A seat on the Board is still the most prestigious appointment the state governor can make. In recent years, the Board has been dominated by alumni and private businessmen who put athletics ahead of everything else.

The athletics department has always been a separate fiefdom. It is financially independent, and football, with its huge revenues, sets the foundation for that independence. College presidents who have tried to halt the expansion of the athletics stadium have been either ignored or replaced by like-minded souls such as Bill Banowski, the evangelical from California who was dubbed the "born-again academic" during his tenure. Owen Field itself became a monument to the cult of college football.

The preoccupation with money is understandable. Oklahoma has a low tax-base and 30-odd publicly supported colleges, which means that the state legislature is always strapped for money to give to higher education. Football is the vehicle for raising money from private donors and alumni. Television, which offers a fast, direct channel to donors during game coverage, has accelerated the trend. Today, the Sooner football team turns more than $12m a year, allowing it to cross-subsidise all college sports other than basketball.

Football's growing commercial importance put an even greater premium on athletic recruitment. In the past, the majority of Sooner players came either from Oklahoma or Texas, often from Mom and Pop farms where humping wheatbales provided the requisite muscle and attitude for on-field combat. When competition increased and the Sooner winning record began to slip, the recruiting policy changed. Coaches turned to the city ghettos of Los Angeles, Miami and Detroit to find the new superathletes of the future.

Most were black. Boys like Buster Rhymes, who fired off his Uzi one snowy winter evening, were from Miami, male mountains who could easily weigh more than 250lb the day they stepped out of high school. Their sporting skills are beyond dispute, says Dr Stephen Ballard, chairman of the Athletics Council: running 40 yards in 4.3 seconds, dunking a basketball, all with legs two or three times the size of an average adults.

Yet these skills were often the sole source of the boys' self-esteem. Some, joked Brian Bosworth, would have difficulty reading a STOP sign. "To the best of my knowledge," says Professor Andy Magid, a maths don, "I have never taught one football player in the 18 years I have been here."

Switzer identified with these kids from poor and broken homes, and the told them that football was a way to better themselves, a route to huge financial rewards. Indeed, it was the only route. Unlike baseball - which uses the Little Leagues as a stepping stone into professional sport - college football remains the designated channel for high school players seeking stardom. And the pay-off can be substantial: Brian Bosworth left Oklahoma to sign an $11m contract over 10 years with the Seattle Seahawks.

Cecile Samara, the fanatical Sooner fan whose whole wardrobe is red and white ("I have one black suit for funerals"), says he left school in Oklahoma City without ever learning to read or write. The Sooner connection allowed him to go along to the university and borrow books.

Yet as Andrew Brandt, a vice-president at Pro-Serv, a Washington-based business which recruits and manages college sports graduates who go professional, points out: the notion that football's wealth is widely available is an illusion. Brandt estimates that 2m young men play football in high school; 120,000 go on to play organised college football, 110 make the professional rosters; but only 35 will actually play for more than one season.

Even worse is how ill-prepared young men are for the day they drop out of professional football, either through injury or competition. "I have guys who have retired aged 24 and have blown away all their money," says Brandt. "One guy I remember got his signing on fee, ordered a Mercedes, great clothes and a $2,000 dog. Now he's in the Los Angeles ghettos carrying a gun with the gangs."

This is the message which the new football coach and other appointees at the University of Oklahoma athletics department say they are trying to get across to the football team. Dr Tom Hill, a gangling black man from New Orleans who is the linkman between the athletes and the teaching staff, says he is constantly playing down the idea that the players can expect to ride into the big time. Instead, he stresses academic achievement.

The message seems to be getting across: the football team's grades improved slightly last spring to within a few points off B Minus (though this comparison includes adult undergraduates who are holding down full-time jobs in addition to their studies).

The Hill appointment suggests that the athletics department accepts that under the Switzer regime the athletes lacked proper supervision and discipline. But it is unclear whether the athletes themselves recognise this. Moreover, the Athletics Department, for all its good intentions, is faced with the reality that they are running a business. One of the most pressing tasks is how to counter the NCAA's financial sanctions, particularly the one-year ban on live TV coverage of football games, as a result of the Sooner rules violations.

The larger question is whether college football still merits such attention in Oklahoma. Dr Richard Van Horn, the new president recruited from the University of Houston, says football should be one state resource among many. "Seventy six thousand people do not come to a poetry reading," he says, "but if I spend more than five per dcent of my time dealing with the athletics programme that is too much."

Van Horn, a mild-mannered man, has only been a few weeks in the job, but he is clearly determined to restore the university's reputation. "Our mission is education," he says, "having an 11-0 (winning) season does not figure high on my priorities. It does not even figure in my top 20 priorities."

This would have been heresy a few years ago. Van Horn says his priority is to build the university's research base and use private business contracts to improve the university's financial footing. He will draw support from the academic faculties, many of whom were livid about the publicity over the Sooner scandals.

Dr Ron Peters, director of the Carl Albert centre for congressional studies, argues that in the old days it was fine for the people to argue that football was all that was needed out of the university. "But the wild catters are dead," he says, "and this state needs to diversify."

Dr Cross agrees, somewhat ruefully, saying that Bud Wilkinson did more for state pride than anyone since Will Rogers, the great Oklahoma humourist. "But it wasn't good for the university. We became a football university."

The lesson is there, but it is taking a while to sink in. A few weeks ago, Owen Field hosted the Olympic Festival for athletes hoping to make the US team for the next Olympic games. A candelit ceremony took place, and former President Ronald Reagan attended along with local dignitaries. Barry Switzer got the biggest cheer.

The Long View

At the bottom of the BAT averages

IT SEEMS that the long, hot summer of rising share prices has been putting pressure on certain investment advisers. The following letter to a major pension fund client, from the chief executive of a top firm of fund managers, has been leaked to me. In order to preserve confidentiality, I have changed the names.

To the chairman of the Board of Trustees, British Industrial Group Pension Fund:

Dear Mr Murgatroyd,

Your recent letter regarding the future of our contract to manage part of your fund has, naturally, been received here with a great deal of disappointment. After nearly 10 years I had hoped we would be able to achieve, dare I say it, a long-term relationship.

You suggest that the recent bid for BAT Industries has been the "last straw" but I feel it is a pity that, after this considerable period, we have not been able to impress upon you the consistency of our strategy. The fact that we have had zero exposure to BAT is not an error of judgment – or a "colossal cock-up" as I believe you told my assistant, Mr Harrington – but represents a controlled application of our portfolio methodology.

I agree that the immediate effects of this judgment have been adverse. A year ago, BAT Industries represented 1.7 per cent of the All-Share index but now the figure is almost 3 per cent. For this reason alone, therefore, your fund has underperformed by more than 1 per cent. If you take account of Consolidated Gold Fields and one or two other similar, although smaller, cases, I fear the overall relative performance is significantly worse still.

These figures must, however, be considered in relation to the policies which were agreed with you and, I must point out, in certain cases prompted by you. I refer in particular to certain "ethical" and "green" considerations which have been discussed repeatedly at your trustees' meetings, and which led to the exclusion of such investments as tobacco shares and stocks linked to South Africa.

We pointed out to you at the time that although there might not be any immediate performance penalty (and, indeed, as "ethical" stocks became fashionable, they might temporarily outperform), nevertheless there would be a price to be paid in due course. I attach a photo-copy of the minutes of our meeting of October 1988, with the relevant passages underlined.

In any case, our strategy of pursuing long-term growth must in all fairness be given time to be seen to be effective. I would refer you to the memorandum entitled "Looking to the Long Term" which we sent to you, and all our important institutional clients, about 18 months ago. This is not to be

BARRY RILEY

It seems that giant takeover bids can be far from welcome to fund managers who try to take a long-term view

confused with a slightly earlier paper dated 1986 called "Dynamic Stock Switching" which should have been destroyed.

In this long-term paper – which, again, I emphasise was discussed fully with you at the time and appeared to gain your enthusiastic support – we established the need to select and then support consistently the growth companies of the future. These companies have focused strategies, and they feature managements with proven capabilities and consistent objectives (just like those of your own group, if I may say so).

By concentrating on management performance and success we have, inevitably, rejected from our portfolios those companies which are struggling or appear to be pursuing unattractive strategies. Even without the tobacco link, therefore, we should have excluded BAT Industries.

On a long-term view, I still believe that this approach is the right one. However, in the short run the market has become highly distorted by speculative considerations. The appearance of corporate raiders has caused share price valuations to be arrived-at on completely different grounds.

You have heard, I am sure, of the "junk bond" market in the United States. I fear that now, in Britain, we are afflicted with a kind of "junk equity" market in which the bad companies outperform and those companies which we have identified as being attractive are, temporarily, being eclipsed. Needless to say, the companies represented in your portfolio are not among those likely to be raided and broken up by Sir James Goldsmith and his ilk.

As it happens, a few of the high-quality growth stocks which were identified by our stock selection task force as part of our long-term strategy review have run into temporary problems. Mr Harrington tells me that you discussed these recovery situations at the last meeting, which I regret I could not attend.

Further to that discussion our analysts, under separate cover, will be sending you notes on Next, Amstrad, Storehouse and a few others pointing out the ways in which their managements are re-building for the next stage of growth. I am confident that our analysts will reassure you that these companies are not "puffs of hot air run by Sunday supplement wallies," as Mr Harrington was upset to hear you describe them.

I think it is more constructive that I should write to you than have another unrewarding telephone conversation about what my firm could, or could not, organise in a brewery. For the record, incidentally, our brewery investments have outperformed the sector averages over the past year.

On further consideration, I am sure, you and your fellow trustees will change your views and will agree to re-assess our strategy after a more appropriate period which, I suggest, is about five years. It would be a pity if industry were to be afflicted by "short-termism" at a time when the City is close to being rid of it.

(Name and address supplied)

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MARKETS

FINANCE & THE FAMILY: THIS WEEK

Revenue's ghostbusters chase the tax evaders

For those who try to avoid paying their due taxes, the battle with the Inland Revenue and its inspectors has been long-running and often bitter. Now, the Revenue has installed a new computer that should give it the edge. Sara Webb and David Waller describe how the taxmen work and what they look for in their never-ending chase to collect the cash. Page III

Gilt funds row flares again

Charges that some offshore gilt funds have been promoted in a misleading manner have been renewed following the decision by MIM Britannia International to cut the dividend yield on its Jersey Gilt fund from 13 to 9 per cent. John Edwards examines the pros and cons. Page III

SIB happy over compensation

The Securities and Investments Board compensation fund is working well after almost a year. So says the SIB in its first review of the scheme, launched to compensate investors in the event of default by an authorised investment firm. So far, compensation has been paid for one default and four other cases are being dealt-with. Page V

Cutting tax on share options

Since last year's Budget, the conventional wisdom has been that employees will always end up paying 40 per cent tax on their profits from share option schemes. But there are ways for companies to slash their executives' tax bills in half, says David Cohen. Page V

Conserve — and prosper

Minding Your Own Business: this week, Roy Hodson describes how the gates of the conservation movement are wide open for people with sound business ideas. And he profiles two of them and their schemes. Page VI

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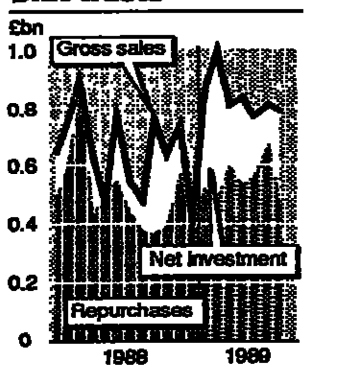
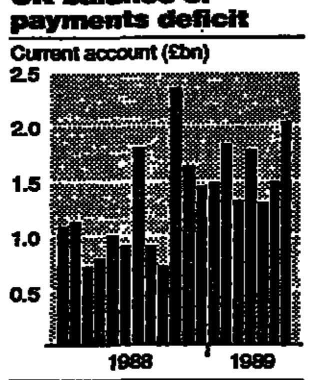
Unit trusts



UK balance of payments deficit



Unit trust investment surges

Unit trust sales in July were the second lowest monthly figure this year at £786.3m. Yet, unit trust managers were satisfied with trading during the month because re-purchases dropped very sharply to £459.1m, the lowest monthly figure so far this year. As a result, net new investment amounted to £327.2m, the second highest this year. Unit trust sales, with the exception of February's record, have been remarkably steady this year at around the £800m mark. But re-purchases have been extremely volatile. *Eric Short*

Trade gap surprises City

The Government this week reported a £2.1bn current account deficit for July — the second worst on record — and ruled out an early cut in interest rates. The magnitude of the trade gap took the City by surprise, but it was prepared largely to give the authorities — who argued that the figures had been distorted upwards by the effects of the dock strike — the benefit of the doubt. Few were surprised when Nigel Lawson, the Chancellor, quashed speculation of an early cut in bank base lending rates, now at 14 per cent. However, in doing so he increased the likelihood of a rise in home mortgage loans. *Simon Holberton*

Building society receipts rise

Building societies saw a surge in net receipts in July amounting to £846m, according to the latest figures from the Building Societies Association (BSA). The inflow of funds gave rise to hopes that the societies would be able to stave off further increases in interest rates. The sharp inflow of funds contrasted strongly with the previous month's figures when there was a net outflow — the first for three years. The BSA attributed the leap in funds to "improved seasonal factors" and refund cheques from the Abbey National flotation being paid into building society accounts. *Sara Webb*

A case for Sid's return?

Over 80 per cent of the private investors in British Gas claim to be satisfied with the attitude of the company towards its small shareholders, according to a survey conducted by Survey Research Associates. More than half said they were satisfied with the dividends they receive compared with the returns they might receive from shares in other companies, National Savings Certificates, unit trusts or building societies. Over 90 per cent thought it was a good company in which to own shares but 42 per cent of small shareholders said they thought British Gas did not tell the public enough about its activities. Perhaps Sid should be revived? *Sara Webb*

LONDON

Even a deficit can't keep Footsie down

HAS THE bid for BAT Industries turned the market batty? No matter how grim the news on the economic front, investors seem determined to push share prices onwards and upwards as they await the next major bid.

Even the second-worst monthly trade deficit in history was not enough to depress traders this week. The market took a deep breath, counted to 10 and carried on buying, leaving the FT-SE 100 index 11.6 points higher on the day the deficit was announced.

One explanation of the market's equanimity in the face of the £2.1bn July deficit is that traders simply did not believe the figures. The Treasury and the Central Statistical Office both suggested that the deficit had been distorted by the effects of the UK dock strike.

It is also possible that the flood of car orders for the new August registration season might have disrupted the statistics. Whatever the reasons, traders seem convinced that the figures did not herald a long-term deterioration in Britain's trading position.

Nevertheless, the July deficit will almost certainly mean that base rates will have to stay at 14 per cent for the rest of the year. High interest rates traditionally are bad news for equities, both because they restrict demand in the economy and increase the costs of industry.

For the moment, however, investors seem to accept the argument that Chancellor Nigel Lawson is proving successful in slowing down the economy and reducing inflation. Even if that causes a temporary slowdown in growth, the optimists argue, the economy will be stronger in the long run.

Those investors who have banished their doubts about the UK economy can concentrate on the technical factors that are boosting the market. The first is the shortage of both gilts and equities, caused by the Government's strong budget deficit on the one hand and by the lack of rights issues and growth in buy-outs on the other.

The second positive technical factor is that the investment institutions continue to build up cash. Figures from WM show that the proportion of cash in pension fund portfolios is more than 7 per cent, and Warburg Securities argues that in larger funds it could be as much as 10 per cent.

Iron laws of supplies and demand ought to mean that, at the very least, there is no selling pressure from investors given the above factors. And buying pressure is coming from two main areas.

The first is the strength of Wall Street, where the Dow Jones Industrial Index reached an all-time peak this week, based on confidence that the US economy has achieved the so-called soft landing — beating inflation without recession.

The second is the expectation of a wave of bids in the wake of the £13bn Hoylake offer for BAT Industries. The chances of a Hoylake victory seemed to increase this week with the news that Sir James Goldsmith's consortium had agreed conditionally to sell Farmers, BAT's US insurance subsidiary, to French group Axa Midi.

The move was designed to help Hoylake defeat the objections of US insurance commissioners to the acquisition, which threatened to hold up the bid. Hoylake also has attempted to solve that problem by asking the Takeover Panel for an extension to the normal 60-day bid timetable.

BAT issued its defence document this week to the accompaniment of the Beatles and the *Abbey Road* album ("You never give me your money, you only give me your funny paper"), a neat reference to the financing of the Hoylake bid which, as yet, lacks a cash element.

Just to show that bids can be won and lost without leveraged financing or endless regulatory battles, Boots cruised to victory over fellow-retailer Ward White this week. Boots owned, or had acceptances for, 67.4 per cent of the equity at the closing date.

Although some Boots' shareholders were none too keen at the group's efforts to buy the Halfords and Payless stores group, the company played a canny game, seeing off the threat of a rival leveraged buy-out and shortening the bid timetable to put pressure on Ward White shareholders.

Norton Opax, the specialist printing and packaging group, will be hoping for similar success in its £478m bid to acquire De La Rue.

De La Rue recently reported a 39 per cent fall in pre-tax profits, thanks partly to a £14.7m loss on its fingerprint identification operations, but victory for Norton is likely to depend on three key stakes — held by Bowater Industries, Robert Maxwell and Carlo de Benedetti.

There could be a lengthy bid battle over De La Rue but Avis Europe, the car leasing company, is welcoming bidders with open arms. A consortium including Avis Inc., which originally owned Avis Europe, General Motors and Lease International (a leasing company owned by Belgian interests), is making an agreed £696m bid.

What might put a stop to this bid frenzy? Ian Harwood and Kevin Gardiner, equity analysts at Warburg Securities, say: "Our major fear is that a sizeable down-grading of profit forecasts this autumn will offset the benefits of strong liquidity."

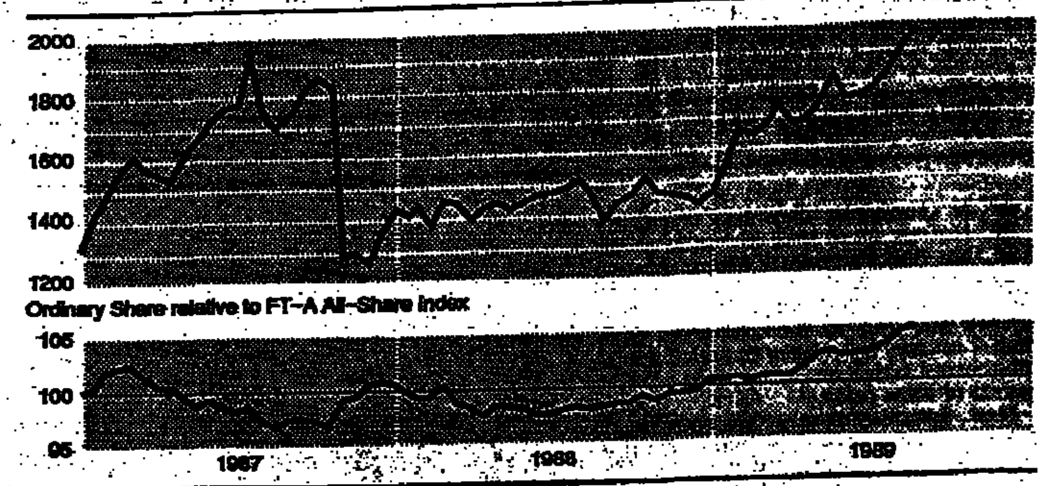
This week, property company Priest Marians warned of a loss in the second half and Marley, the building materials company, warned that profits would dip unless interest rates fell and prospects for housebuilding improved.

There were also lower profits from Alfred McAlpine, Barlo Group, Dawsongroup, Hezburger Brooks, Samuel Heath, Lec Refrigeration, Louis Newmark, Malcolm Holdings, Mersey Docks and Harbour, and Scottish, English and European Textiles — plus news of losses from Culliens, Palma and Telford Group.

That list could yet prove a depressing litany for those who have staked all on a continuation of the bull market.

Philip Coggan

FT Ordinary Share Index



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1989 High	1989 Low	
FT-SE 100 Index	2397.4	+22.3	2397.4	1782.8	Light demand in thin market.
Bass	1084	-35	1155	793	$2bn. acquisition of US Holiday Inns.
Body Shop	450	-20	474	240	Trading sell recommendations.
De La Rue	359	+31	475	268	Bid from Norton Opax.
Eurotunnel Units	815	-53	1172	378	Fears of Tunnel cost overrun.
GUS A	1180	+98	1186	952	Enfranchisement of "A" shs hopes.
ICI	1319	+50	1352	1012	Stock shortage & diverse stories.
Lloyds Bank	419	+23	422	321	Sector re-rating & stock shortage.
Miss World	608	+35	618	433	Comment on Indep't radio sector.
NatWest Bank	359	+19	362	255	Sector re-rating & stock shortage.
Royal Insurance	456	+18	459	362	Brokers' buy recommendations.
Scot. & Newcastle	386	-24½	449	284	No news on Thistle sale, Elders stake.
Tate & Lyle	279	-20	301	203½	Euro acquisition & rights issue fears.
Unilever	671	+22	676	462	Switching from NV.
Wellcome	713	+40	785	400	Promise of AIDS drug success.

WALL STREET

Memories of 1987 that will not fade

SO IT FINALLY got there. Just before four o'clock in the afternoon on Thursday, the Dow Jones Industrial Average hauled its heavy baggage of steelworks and paper mills and fast food joints and aircraft companies above the point it reached in its doomed expedition two years ago and settled down for the night.

It has been a hard climb back. All summer, US stock markets have gazed with awe and fascination at the prospect of 2,722.45, which was the close in the Dow on August 25, 1987.

A rushed assault earlier this month ended in fiasco. The Dow spent most of the morning of August 11 in the thin air above 2,722 but had to retreat, having climbed too far too fast and set up no lines of support.

The Dow slipped and slid until noon last Tuesday, when it found a footing. IBM hit $112½ and found buyers. Philip Morris stopped falling at $154. The market regained its courage and set off back up.

It might have been more elegant for the Dow to wait until the actual anniversary to break the record. But stock markets are supposed to be leading indicators.

For investors in US stocks, the thrill of Thursday's close is tinged with both melancholy and fear. With the August 25 record dealt-with, what is left but the record of October 19? All over New York, in trading rooms and hotel breakfast lounges, people are anxiously asking whether August will lead to October.

There are some reasons why it will not. The most important is that Thursday's Dow record isn't a record, except in crude numerical terms.

Because consumer prices in the US have increased 8.4 per cent since the summer of 1987, the underlying value of the Dow is still much lower than its peak. In addition, the price of money to buy the Dow stocks, as expressed in long-term interest rates, has come down about 10 per cent.

In terms of profits and dividends, which is what you buy stocks for, the Dow is much cheaper. People on Wall Street cannot seem to agree on these numbers but, to take one estimate, the ratio of stock prices to earnings in the market was 12 last Thursday as against just over 20 in August 1987. The dividend yield was about 2.5 per cent two summers ago and is now about 3.3 per cent.

In 1987, the economy was growing rapidly, inflation was picking up, interest rates were rising and the dollar was in decline. This year, the pace of price rises and economic growth has slowed noticeably.

The yield on the Treasury long bond was 8.94 per cent two years ago and headed upwards, while it has been falling all summer and stood at 8.16 per cent on Thursday. The dollar has been climbing all year.

But the greatest difference is not quantifiable. This summer, nobody much on Wall Street is talking about the race to 3,000. Nobody at all is talking about an investment New Age where stock rises indefinitely and the business cycle is abolished. And few people believe any more that you can insure against losses by complicated computer programmes in the stock index futures market.

Most important, the stock market has not yet sucked in the last wave of investors, the general public. In the summer of 1987, cab drivers really were talking stocks.

It is now clear that the crash of 1987 not only did the US economy a power of good because it curbed growth and inflationary pressures just as they were about to send the economy into a spin. It also created a climate of fear in the market which is still palpable. People who bought stock on August 25 1987 lost more than a third of their investment in six weeks. This is a terrible memory to many fund managers.

This is not to suggest that there is not massive speculative excess in US financial markets; it is only that the markets would be more speculative and more excessive but for the crash.

As it is, the markets have been extraordinarily strong, with the Dow up 26 per cent this year already. According to figures assembled by Birinyi Associates, 1989 has already turned in a performance better than all but the bear market bounces of 1933 and 1975, the world war and post-war rallies of 1915 and 1919, and in the 44 per cent rise of the first eight months of 1987. This is heady stuff.

Meanwhile, the high p/e ratios of 1987 were partly justified in that profits were about to grow very fast.

According to work done by First Albany, corporate profits growth peaked at 20 per cent in the last quarter of 1988. It has now tumbled to a few percentage points as the economy has slowed.

Wall Street seems agreed that much of today's profits growth is coming from odd corners such as tax breaks and stock gains, which are no sort of platform for future growth. It could well be that a p/e of 12 is much too high.

There is one bet that looks certain. By tracking 1987 in such uncanny fashion, the Dow is forcing investors to think of October 19. Whether the market goes up or down, the next six weeks will be a hair-raising time for investors.

> 'The next six weeks will be a hair-raising time for investors'

Monday	2647.00	− 40.97
Tuesday	2659.99	+ 03.99
Wednesday	2675.11	+ 27.12
Thursday	2734.64	+ 56.53
Friday		

James Buchan

JUNIOR MARKETS

Back from the depths

D. Y. DAVIES, the provider of architectural and ancillary services, and itself quoted on the Unlisted Securities Market, this week announced pre-tax profits up from £517,000 to £1.24m in the year to end-April. This may not be a great example of rapid growth achieved by a small company might not have appeared especially remarkable were it not for Davies' uninspiring recent history and the generally dismal reputation of its sector.

Davies, along with fellow-members of the architectural sub-sector in Tribble Harris Li, the US-based concern, and Whinney Mackay-Lewis, all have featured repeatedly among the worst-performing stocks on the market. And in June even The Company of Designers, the building design company, sullied its previously unblemished reputation with the announcement of a 25 per cent fall in interim pre-tax profits to £823,000.

While the histories of the companies are different significantly, it is possible to detect two threads running through them. The first has been vaulting overheads and the second a rush for acquisitions in related areas (aimed, perfectly reasonably, at evening-out earnings from architectural activities) which, all too often, have turned sour. The Company of Designers, for instance, blamed its profits fall partially on Sibley Robinson, the Cambridge-based consulting engineer, which it acquired last year and which produced lower-than-expected profits.

But Davies' results, along with a couple of other recent events, suggest that the "trouble-prone" label attached to the quoted architects might be getting out of date. According to analysts at County NatWest: "There are indications the architects are getting better at concentrating on organic growth, and at evaluating risk."

Davies' recovery comes after an extremely difficult previous year. In the 12 months to end-April 1988, its pre-tax profit halved to £517,000 (£1.04m) as it increased staff levels to cope with two large projects which did not materialise fully. In the aftermath of the shock, the directors have been keen to emphasise a new, more sober mood.

Chairman David Davies said in February: "The re-organisation and consolidation of the company has been the main priority, with less emphasis placed on the acquisition of other companies . . ."

At Tribble Harris Li — the second worst-performing share on the USM last year — results announced in April for the year to end-November showed a $2.69m pre-tax loss, after a $1.5m profit. But this came with the news that profits in the first months of the present year were well ahead of budget, with corporate spending well down — notably, through cut-backs in the mergers and acquisitions function.

Elsewhere in the market this week, there was further evidence of lively acquisitions activity within the independent office machinery sector. American Business Systems, the former US shell which has been revamped by Mark Vaughan-Lee, a City financier, over the past three years, announced its ninth acquisition. This was aimed at further consolidation of its distribution activities in the south-eastern US.

The news followed the announcement earlier this month that Southern Business Group, the photo-copier and other machine contractor, had, together with the existing management, bought the business equipment division of Sandhurst Marketing, a subsidiary of the W. H. Smith Group. All this activity reflects the highly-fragmented, as well as fast-growing, nature of the office machinery distribution scene.

However, while companies quoted already on the USM go about their business, there are continuing worries about two European Community directives that, in the view of many, are hanging over the market like the proverbial sword of Damocles. One would alter the rules on publishing accounts. The other, on mutual recognition of listings across EC boundaries, could have the effect of eliminating the difference in the track record requirement for companies joining the main market on the one hand, and the junior markets on the other.

Worries about these directives have been well-documented, but they hinge essentially on the concern that young, growing companies will be less inclined to float when they have to be hoisted-up immediately into the big league instead of joining the USM, a club of their peers.

Now, accountant Deloitte Haskins & Sells has launched an initiative aimed at concerting the efforts of the various parties worrying about these things. It has formed a group which says its aim is to "protect the USM." This brings together such doyens of the market as Geoff Douglas, director of Hoare Govett Investment Research, and John East, managing director of Guidehouse Securities, and a meeting should take place within the next week or so "to exchange ideas on how to preserve the identity of the USM" in the light of the proposals.

Clare Pearson

AS LONDON share prices reach new post-crash highs, one corner of the market — advertising agencies — is languishing at a 12-month low. Concern about the slowdown in US and UK advertising expenditure this year and fears of a general softening in the market are behind the poor performance.

The fears about slowing sales growth are real enough. According to figures from the Advertising Association, UK advertising expenditure grew in real terms by 12 per cent in 1988. For this year, it forecasts real growth of just 4 per cent; in 1990 it expects at best no more than 1 per cent growth, and, at worst, none at all.

There are similar fears in the US. The latest estimate from Mr Bob Coen, of McCann-Erickson, whose figures are regarded as the standard for the US industry, is for 6.9 per cent growth in money terms in 1989. Taking into account US inflation forecasts of 5 per cent, real growth will be lower than 2 per cent.

This helps to explain why agency stocks have been less than sparkling. Barclays de Zoete Wedd's marketing services index, which includes all UK ad agencies, currently stands at its low of the year against the FT-A All Share index.

UK and US businesses struggle to recover from Saatchi downgrade

Ad agencies feel the pinch

Saatchi and Saatchi, the world's biggest advertising agency, shocked the market in March by telling analysts that their forecasts for advertising expenditure were too high. The warning sent Saatchi's share price tumbling, dragging with it other agency stocks.

"The sector never really recovered from the Saatchi downgrade," says Mr Andrew Mills, agencies analyst at BZW.

There were echoes of March this week when an American press report on the slowdown in US advertising spending — again highlighting Saatchi — provoked another sharp fall in agency prices.

But is the market's gloomy outlook justified? While most commentators accept that growth in advertising spending this year and next will not match the exceptional rates of 1975-87, some believe that the stock market has overreacted to warnings from agencies about sales growth. The market has overreacted, and is wrong to regard the problems at Saatchi as widespread throughout the industry, they say.

One analyst said: "At the moment Saatchis are just fire-fighting, what with worries about deferred spending and the problems on the consultancy side; this is taking up a lot of their time." remarked one analyst.

There is no doubt that Saatchi is struggling to rationalise its business and control a deteriorating balance sheet; costs are being cut all round and the management consultancy operation has been lined up for sale.

"The market is generally softer all round," says Mr Mills, "but Saatchis is less able to cope with it because it has lost direction and is taking drastic measures to improve cash flow."

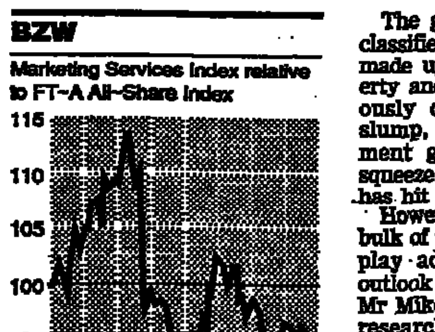
In contrast, WPP, the second biggest UK agency, remains relatively bullish

"Our revenues are in line with expectations," Mr Martin Sorrell, WPP's chief executive, said. WPP expects its own revenues from worldwide advertising expenditure to grow between 12 and 15 per cent in money terms this year. "I don't think that qualifies as 'hard times'," Mr Sorrell said.

Yet there is no doubt that the industry is in the middle of a lean period. The Advertising Association expects spending growth to slow markedly this year and flatten out in 1990. In some areas there may even be a fall in growth in real terms.

BZW

Marketing Services Index relative to FT-A All-Share Index



The gloomiest outlook is in classified advertising, which is made up of recruitment, property and motor, and is notoriously cyclical. The housing slump, slowdown in employment growth rates and the squeeze on consumer spending has hit the business hard.

However, agencies draw the bulk of their business from display advertising, where the outlook is generally brighter. Mr Mike Waterson, director of research at the association, forecasts 3 per cent real growth in display advertising this year and about 1 or 2 per cent real growth next year.

Industry observers also point out that the larger, established advertisers are still spending on advertising for "defensive" reasons. This is when corporates maintain levels of advertising expenditure in the face of a worsening economic climate in order to protect market share.

"Many people in the industry tend to think it's the end of the world when growth starts to fall below 10 per cent," Mr Waterson says. "But what is happening is that advertising spending is slowing down to the more conventional rates of growth seen elsewhere in the UK economy. It is important not to overstate the potential implications of these reductions; they are reductions in growth rather than falls in expenditure by and large."

In spite of the confidence from inside the industry, analysts forecast that agency shares will continue to underperform the stock market for the rest of the year. "The agency sector . . . looks to offer little in the way of relative value between now and Christmas," warns Citicorp Scrimgeour Vickers.

In the longer term, the outlook is better, with analysts predicting an improvement in advertising expenditure in 1991, and continued strong growth from continental Europe.

Consequently, some analysts are advising that next year will be a better time to buy agency shares. Mr Neil Blackley, of James Capel, says: "Improved performance is likely to come ahead of the expected recovery in ad spend in 1991, in other words early next year when we get a clearer idea of where consumer spending is going."

Patrick Harverson

FINANCE & THE FAMILY

Sara Webb and **David Waller** reveal how the Inland Revenue goes about catching those intent on evading tax

Beware of ghostbusters

THE INLAND Revenue has always had an uncanny ability to strike fear into the hearts of ordinary men and women. But, starting in September, the taxman will be equipped even better to track down the fiddlers and dodgers when a new computer system comes into operation.

While the Revenue states adamantly that it will not be transferring the intimate details of every man, woman and child in the country onto the computer files, it admits that the new computer database will be used to help pull together the information at present kept on scraps of paper in its filing cabinets. As a result, keeping tabs on the "black economy" will be considerably easier, and tracking down the offenders should take less time.

The computerisation would help to match details of someone's lifestyle — for example, sales of sports cars, yachts and country houses — with the information that a person already under investigation by the Revenue has supplied on his or her tax return.

The Revenue claws back about £2bn a year from its investigations into tax evasion. "However secure you might feel, it is actually quite difficult to avoid being tracked down," warns one former tax inspector, adding: "Pperhaps unfairly, it is the small-fry — people moonlighting or doing a little work from home for pin money — who are infinitely more vulnerable than those people who lead impressive life-styles. The richer you are, the better the tax advice you can buy."

In an effort to rectify that impression, the Revenue has stepped up its efforts in the City. The golden hellos (and subsequent golden goodbyes) charcteristic of the Big Bang tend to excite considerable interest from the less well-paid. The Revenue's Special Offices have invested a lot of money and time when it comes to identifying the companies and individual recipients involved in such practices, and they have been helped considerably by the extensive press coverage of such golden carrots.

There are other reasons why the Revenue tries to keep close tabs on the City. It wants to make sure people do not evade tax on the benefits provided by their company such as cars, homes, holidays, swimming pools, or the use of the company gardener and chauffeur. Even a benefit such as the use of the company art collection is taxable, as is the provision

Comedian Ken Dodd . . . he won

Jockey Lester Piggott . . . he lost

of a subsidised mortgage to an employee, which is fairly common practice at the banks. The onus is on both the employee and the employer to reveal this sort of benefit.

The Inland Revenue uses a variety of methods when it comes to spotting tax-dodgers such as the ghosts (people who evade tax by not informing the tax office of their existence, and who are tracked down by inspectors nicknamed ghost-busters) and the moonlighters (people who have two or more jobs but declare only one of them).

The anonymous tip-off is one way, although the Revenue claims that its inspectors do not automatically follow up unsolicited information: after all, it could simply be a malicious ex-wife telling on her husband or a sacked employee reporting about the "hands-in-the-till" at work. For example, one anonymous tip-off claimed that a road haulage company had hidden away loads of money in an old refrigerator in the garden. While the Revenue never found the fridge, it did find — when it took a closer look at the books — that a large amount of money was not being declared.

Apart from tip-offs, the district tax officer is expected to use his initiative. This could mean following up the advertisements placed in newsagents' windows and newspapers to check that the plumbers and builders — even escorts and ladies of the night — have paid their dues.

The Revenue does not take a moral stance on how the income is earned; it is concerned only with whether you declare it afterwards. In fact, there is one professional lady who pesters the IR often, claiming she should not pay tax on her earnings because the DTI won't register her as a limited company.

Town halls keep registers of taxi drivers and market traders, so it is quite easy for the inspectors to check if those with licenses are declaring their income. It is not unknown for squads of inspectors to raid a market-place to see whether each individual has filed a tax return. On a more exotic note, they are just as capable of descending on a group of freelance musicians while they are playing; in one case, this happened to be in a Sikh temple.

Inspectors admit, however, that it might just be a question of luck. One former taxman tells how some itinerant Irish workmen spent a few days tarmacking the drive to his home. When it came to payment, his wife asked if they would take a cheque. No, they said, they would prefer cash.

She said she would have to get her husband to go to the bank to cash a cheque. During the course of the conversation, it emerged that the husband was a tax inspector. The labourers said they would call back for the money the next day — but never re-appeared.

Another inspector, who had more success in clawing back the tax, noticed that a self-employed driving instructor pulled up outside his block of flats every weekend to give a lesson. When the inspector questioned him about his earnings, the instructor swore blind that he wasn't working weekends (usually, the busiest time of the week for lessons). The inspector confronted him outside the block of flats the next Saturday when the instructor pulled up to collect his pupil.

Apart from the local tax inspectors, there are the Special Offices which conduct project work: for example, on a particular industry. The City, post-Big Bang, was the most recent and one of the projects now under way is entertainment spending in the advertising industry. Others have included teachers (because they earn additional money from marking exam papers which used not to be put on PAYE and was, therefore, easier to hide); jockeys, trainers and the racing industry (which led in Lester Piggott being caught); and the medical profession.

GPs receive payments called "ashcash" — the small fee paid for putting their signature to cremation certificates. The inspectors have a grisly time tracking down the signatures from lists of cremations and then checking if the doctors have declared them. And Fleet Street's casual printers were investigated years ago when the Revenue decided to pinpoint the moonlighters, some of whom were using false names such as Jesus Christ and Mickey Mouse.

The Revenue claims that, as a matter of routine, it goes through about 2.5 per cent of the returns sent in by the self-employed, and about 1.5 per cent of the accounts sent in by small businesses. It is interested particularly in small businesses which involve cash because this can be hidden easily and not put through the books (for example, in the service sector, hairdressers and restaurants deal with lots of tips which should be, but are not necessarily, declared).

While crooked companies do not always have two sets of books (one official, one unofficial), the inspector will often look for doctored figures. For instance, the company could appear to have paid out more in one week than its total takings, which might lead the inspector to question if there should have been a serious cash-low problem. He will also look for unusually large business expenses, and savings which have grown at a much faster rate than would be expected from the profits of the business.

In retailing, it is very common to find that the profit margins are similar across the sector; so, if the inspector finds that the profit margins are different markedly, his suspicions might be aroused. Likewise, taxi drivers usually have a standard fuel/takings ratio, so it would look fishy if they put in very low takings.

Chasing evaders pulls in about £2bn a year which, the Revenue says, is the equivalent of taking 1p off basic rate tax. Once spotted, in the majority of cases people seem willing to confess all, especially as the Revenue is more lenient towards those who make a clean breast of it. Evaders have to pay the money owed plus interest and a penalty of up to 100 per cent of the unpaid tax (penalties can be negotiable depending on how co-operative you are). In fact, about 99 per cent of cases start and finish at the local tax office. Only a few reach the courts in the way that comedian Ken Dodd's did. (And he was acquitted).

Noshir Avari, an erstwhile investigations manager at the Richmond Tax District, now heads a Harrow-based firm of former tax officials who act as consultants to small firms of accountants whose clients face problems. In his words: "There is no question that any set of accounts is absolutely correct. What concerns the Revenue is the degree of correctness.

"The inspector soon goes beyond the tax return. He looks at the man and his work, at his life-style. Where do his kids go to school? he will ask. Where does he go on holiday, what papers does he read, what car does he drive? They aim to get under his skin. The next step is to ask the taxpayer difficult, direct questions.

"You have to negotiate very skilfully with the Revenue. You can't afford to be bolshie with so powerful a department — but nor should you be frightened, either."

John Edwards reports on a change of strategy

Anger follows MIM move to cut gilt yield

THE DECISION by MIM Britannia International to cut the dividend yield on its £295m Jersey Gilt fund from 13 to 9 per cent next year, and change radically the fund's investment policy, has sparked renewed complaints that some offshore gilt funds were promoted in a misleading manner.

Last year, prominent advertisements in the press by the Jersey-based arms of MIM Britannia and the TSB came under attack for allegedly over-emphasising the high "income" paid while not giving sufficient warning that this involved a possible fall in the value of the capital invested.

Both companies denied strongly they had misled investors, although the advertisements later were altered to some extent.

What many investors did not appreciate fully was that the above-average "income" or return promised by the funds was obtained by dealing primarily in high coupon gilts (government securities). These provide a high rate of interest but cost more to buy, so there is a greater risk of the capital value declining. For example, Treasury stock paying a nominal interest rate of 15.25 per cent, and redeemable in 1996, now costs more than £123 for a gilt that will be worth only £100 on its maturity date.

Any drop in the value of these gilts, often bought at a hefty premium to their eventual redemption value, meant the investors' capital could be eroded. In other words, the promised "income" paid was, in fact, made up of a mixture of interest and capital, so reducing the value of the fund unitsheld by investors in the form of shares.

The erosion in the value of the capital could be limited by skilful dealings while the gilts market was in a bullish state. But now it has become increasingly difficult to obtain an above-average interest yield without sacrificing capital value.

'Any drop in the value of these gilts meant that investors' capital could be eroded'

The sharp rise in interest rates during the past 12 months, the growing UK balance of payments deficit and the rise in inflation all have put pressure on the gilts market. So has the Government's decision to repay debt, which means it is no longer putting out any new issues.

As a result of the changes in the gilts market, the loss in the capital value has accelerated to a point where MIM Britannia has decided that it is advisable to change the whole investment strategy.

It has advised its 25,000 investors that from the start of the fund's next financial year in November, it will reduce the quarterly dividend rate per share from 0.625p to 0.40p, effectively cutting the annual yield by about 4 per cent to 9 per cent.

It is planning also to broaden the investment base which, until now, has been concentrated on tax-exempt gilts where interest is paid gross.

However, marketing director Douglas Aitken stresses that those who want to receive the higher dividend each quarter can still do so by opting for what is called a cash release plan. Under this, enough shares will be redeemed to boost the "income" to the original level.

The TSB Jersey Gilt fund, which is even bigger with 60,000 investors and £390m under management, held a meeting on Wednesday to decide whether to follow MIM Britannia's lead.

It will not reveal what was decided at the meeting, arguing that it must notify its shareholders first. But the fact that it is circulating investors some time next week suggests that it, too, is changing its policy.

Lautro has been asked if it feels investors have a case to ask for their capital back

Other funds are considering their position. Cater Allen, which has a £40m gilt fund, has decided after some heart-searching to maintain the existing policy of paying a high dividend rate.

Michael Lawrence, the managing director of Cater Allen (Jersey), says shareholders should know that by paying a higher dividend than can be achieved normally by an investment in gilts, the fund could suffer a corresponding loss of capital; thus, the investment can be viewed as a form of annuity.

However, it was intended the fund should continue to appeal to those who want a high gross income from a portfolio of gilts, even with a possible reduction in capital.

Meanwhile, John Dyson, the managing director of Thomson's Financial Planning Consultants in London, has written to Lautro (the Life Assurance and Unit Trust Regulatory Organisation) asking whether it feels investors have a case to ask for repayment of their original capital on the basis that they were persuaded to invest on a false pretence.

He noted that the sharp reduction in the MIM Britannia dividend from 13 to 9 per cent highlighted the extent of the capital losses being suffered in an investment which had been sold as a distribution of income rather than capital.

Dyson claimed that if members of Fimbra (the Financial Intermediaries, Managers and Brokers Regulatory Association) had acted in a similar way, they would have been struck off. He saw no reason why major institutions should get away with it.

Kit Jebens, the chief executive of Lautro, said it was looking into the complaint with some urgency. He added that its general policy was to insist on specific warnings being given in advertisements for products where capital might be used to make good any falls in income.

David Barchard examines changes in the credit card business

To pay — or not to pay?

HAS THE time come to snip your flexible friend in half and dump him in the dustbin?

A lot of people's immediate reaction to the news that Lloyds Bank will introduce an annual charge of £12 for its Access credit card from the new year will be to shed their credit card or to try to move from one that charges a fee to one that does not.

However, the credit card market is currently in the midst of great changes. Before deciding to take the scissors to your credit card, you should ask yourself what your requirements are.

You probably do need to have a plastic card. Payment by card is becoming more widespread and — despite the proposal this week by the Monopolies and Mergers Commission to recommend allowing traders to discriminate against payment by card — it will become even more important in the 1990s as paper — based methods of payment start to decline.

If you do not need a line of credit, then a debit card which takes funds straight out of your current account might be all you require. But using a credit card, you can get a free loan for up to 56 days provided that you pay on time. Until now the main UK credit cards have allowed this "float" without charge.

So a credit card which costs nothing and gives an interest-free loan sounds ideal from the point of view of the customer who pays up in full. It is not so good for those who have to carry the cost — banks and those customers (still the majority) who do not pay their accounts in full each month and so incur interest charges.

Annual fees for credit cards are normal in the US and most European countries. However, in Britain, until this week, almost all credit cards, and certainly all the best-known ones, have been free.

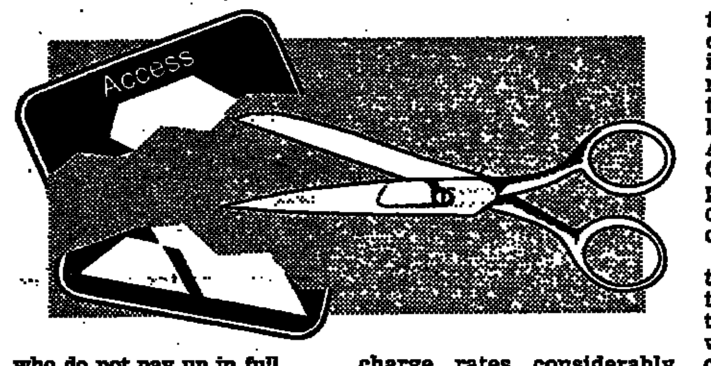
This has put pressure on the industry from two directions. Firstly, the Monopolies and Mergers Commission suspects that it is unfair because of the way in which the interest-payers subsidise everyone else.

Secondly, the flood of new entrants into the market is squeezing the main issuers. Barclays' credit card profits fell from £44m in the first half of 1988 to £19m in the first six months of this year.

Seeing the trend, Barclaycard, which with 9m cards is by far the largest UK issuer, announced last winter that it was contemplating introducing annual charges.

What held Barclaycard back was the fear that between a third and half of its customers might move to other cards if it was the first to go.

Now Lloyds Bank has taken the plunge, announcing that it will be making an annual charge, probably around £12, for its Access cards from the beginning of next year. In return, it will lower the rate of interest it charges customers who do not pay up in full.



On current interest rates, the monthly interest would fall from 2.2 per cent to 1.9 (the corresponding annualised rates are 29.8 per cent and 25.3 per cent when the annual fee is added in).

This is not enormously impressive. There are a number of credit cards on the market, such as the Visa cards offered by Town & Country, Save & Prosper, Halifax, and Chase Manhattan, which charge rates considerably below this — and do not have an annual fee.

On the other hand, these cards are not for the millions. You will not easily get a Save & Prosper card, for instance, unless you have a fairly high income and can prove you are a home owner.

The 3m Lloyds Access cardholders will receive two months' notice from that charges are to be introduced and can close their accounts if they wish. At present, 37 per cent of Lloyds customers pay in full every month. Lloyds is not going to weep too many tears if these people decide to leave Gerry Hawkins, Lloyds' Assistant General Manager for Card Services, describes these people as ones who "use credit cards for convenience but don't contribute to their cost base."

Mr Hawkins believes that the other large banks will have to follow Lloyds' example in the near future unless they want the profitability of their card operations to be squeezed unacceptably.

"If the customers who pay up in full do migrate to the other card issuers, it will simply increase the pressure they are under to start making annual charges," he says.

Other card issuers who may benefit are American Express and Diners Club. These have charged annual fees to card holders for many years. However, the American Express fee, at £35, is still well above that being planned by Lloyds. And, of course, on a standard American Express card, the customer has no option but to pay back in full every month.

Optima, the American Express credit card launched last winter, has an annual fee of £10 on top of that imposed for the standard green charge card. Provided you borrow large amounts, it offers a much lower interest rate than the main Visa and Access issuers, even when the total cost of the two American Express card fees is added on. But Optima is another minority product. You have to be one of the fewer than 750,000 people who have Amex cards already to get an Optima card.

Altogether there are about 27m of the main bank credit cards in circulation. When the other big clearing banks introduce charges, some users will probably decide to lighten their wallets, perhaps by having only one credit card in place of two.

But my prediction is that, once the first spate of discarding has died down, most people will find £10 or £12 a very reasonable price to pay for the convenience of using a credit card and the line of credit which comes with it.

FS boosts value of its contracts

FS ASSURANCE, now in its final months as a mutual life company, this week announced an increase in its terminal bonus rate for with-profit contracts maturing, or becoming death claims, on or after August 16. As a result, maturity values on 10-year contracts are increased by around 1 per cent while, for a 15-year term, the increase rises to nearly 3 per cent.

This increase in terminal bonus has nothing whatever to do with the proposed demutualisation of the company and its takeover by the Britannia Building Society.

FS Assurance reviews its terminal bonus rates at least twice a year. This latest review and increase reflects the strong rise in equity values that have occurred on the UK and other stock markets — the FT-Actuaries All Share index has risen almost 30 per cent already this year.

FS Assurance believes that investors with contracts about to mature before the end of this year ought to benefit from this rise in capital values through an increase in terminal bonuses.

This view is taken by several (mainly smaller) traditional life companies which already have announced higher terminal bonus rates. But there are some notable exceptions, including Standard Life and Norwich Union, which obviously intend to wait until the year-end before changing their rates irrespective of what happens to asset values.

Parks attract the eye of private investor **Kevin Goldstein-Jackson**

Temptation at the turnstiles

A HOT, sunny summer with two daughters (aged four and seven) to amuse has turned my thoughts on how to profit from shares in companies that might benefit from the weather and entertaining.

One of the many outings with the children has been to Thorpe Park, on the outskirts of London. This vast amusement complex, with its excellent log flume and other rides, shows and activities, is owned by the RMC group. It has enough space for expansion and seems to attract many foreign tourists.

If RMC ever decided to float Thorpe Park as a separate quoted company, my two children would be very interested in buying the shares, especially as they have seen their investment in Walt Disney (with its famous theme parks) increase from $54 in December 1987 to over $110.

Instead, I bought some RMC shares for myself since the company's main area of activity is supplying concrete and other materials for the construction industry (Thorpe Park appears to be built around gravel pits). Government plans for a vast increase and improvement in Britain's road system should, hopefully, prove profitable to RMC.

> 'Retail stores look to be suffering so their shares have no attraction'

After buying the shares, I was a bit worried about the quality of one aspect of the management. While on the log flume at Thorpe Park, we had our photo taken. This cost £1.99 for each print and the pictures (which we could not see in advance) were to be sent by post to our home address. They took 24 days to arrive and were very dark.

Years ago, when my wife and I visited Busch Gardens theme park in the US, the photos taken of us on the log flume were available to see and buy very soon after getting off that ride. Why can't RMC do the same at Thorpe Park? It made me wonder about its delivery times for construction materials . . .

I also considered buying shares in Unilever, since all the shops where I live seem quickly to have sold out of my favourite lemon ice lollies. This suggests that Walls, a subsidiary of the Unilever group, has had splendid sales. But I took into account that Unilever is involved in many other activities all over the world – margarine, detergents, cosmetics, etc. So, the boom in ice-cream sales in the UK might not have had a very big impact on Unilever's already-good performance. Therefore, I decided not to bother.

Visiting shops this summer has shown many of them to be almost deserted. Apart from W. H. Smith and Boots, which sell cheap items of use to holiday-makers (paperback books for reading on the beach, sun-tan cream, tapes to blast from cassette players), retail stores appear to be suffering. So, their shares have no attraction to me at present.

It seems incredible that millions of pounds have been spent on advertising the water authorities on TV while, at the same time, many authorities have imposed hosepipe bans and other restrictions on the use of water. Sales of plants and shrubs at garden centres must have suffered considerably.

Instead of buying plants, I believe many people probably have bought garden chairs from which they can sit and watch their existing plants and grass shrivel up and turn brown. One company that might benefit from this is Sycamore Holdings, which manufactures garden furniture and imports barbecues from the USA. The hot summer ought to have been good for barbecue sales.

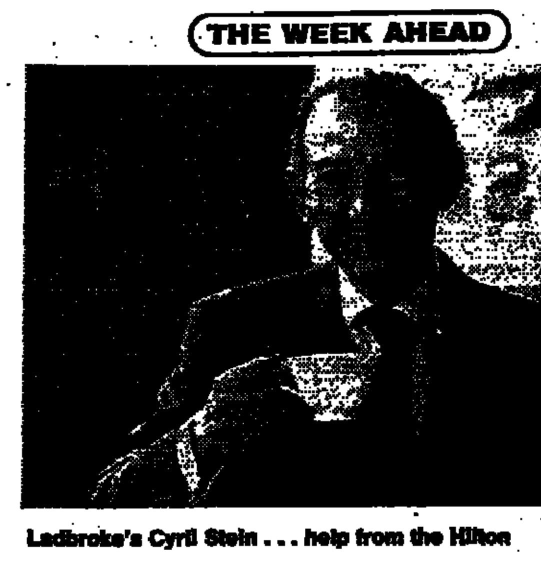
So, I bought shares in Sycamore in the hope that its profits will show a significant increase or – since the company is capitalised at less than £3.75m – someone might take it over and use it as a "shell" for bigger things.

One weekend, I took my family to London. "I'll show you the beautiful office blocks and the ugly houses and flats in docklands," I told my wife. "We'll go on the toytown railway – the kids will love that."

Like many foreign tourists outside Tower Gateway station, I was surprised to discover that the toytown line – known officially as the Docklands Light Railway - is not operating at weekends. Although this is primarily because of work on the line's extensions, regular users of the DLR have complained that the ticket machines, lifts and trains seem to have an unusually high number of problems, and that the carriages and track are too small to cope with developments in docklands.

Docklands appears to have been thrown together for short-term profit when, really, its transport systems should have been completed before the buildings. Then it might have been a "showpiece" area instead of one where the roads clearly are far too narrow and inadequate. I am not at all surprised that some docklands developers have suffered and that people are reluctant to live there.

THE WEEK AHEAD



Ladbroke's Cyril Stein . . . help from the Hilton
Trevor Humphries

GRE holds profit line

THE COMPOSITE insurance reporting season resumes on Thursday when Guardian Royal Exchange Assurance announces its half-yearly results. Newly-appointed chief executive Sid Hopkins is expected to report pre-tax profits at least as high as last year's £111.7m, in contrast to the results seen so far from the US-orientated composites, Commercial Union, General Accident and Royal Insurance.

GRE has a much smaller involvment in the US and, as such, its overall profits will be affected less by the present downturn in that market. The group does have a sizable operation in Canada, but results so far show that losses here are not as bad as feared originally.

Britain's weather has been favourable to insurers but companies with large commercial property accounts have had their UK profits trimmed by a spate of major fires. And there have been poor results in the Republic of Ireland plus continued losses in West Germany. However, the interim dividend payment should be increased from 3.5p to at least 4p.

□ The Hilton International chain of hotels will secure its position as Ladbroke's most powerful generator of profits when the betting, property, retailing and hotel group reports interim profits on Wednesday. An 18 per cent rise in pre-tax profits of between £138m and £140m has been signalled widely with the Hilton chain, which was acquired in September 1987 for £645m, contributing in excess of £45m.

Analysts expect that the hotel division, including the UK operations, will form the basis for strong group profit expansion for at least three years as further economies are made and organic growth continues. Disposals from Ladbroke's property division, which is being valued at £900m on a break-up and disposal value and £1.5bn on a 1991 development completion basis, are expected to add to second-half profits.

The racing division will receive a maiden contribution from the Vernons pool group, acquired through the takeover of Thomson T-Line earlier this year. Cyril Stein, the chairman and managing director, will also give details of the performance of the Texas Homecare chain of DIY stores. This will be the relatively weak division as higher interest rates continue to undermine the entire retail sector.

□ Substantial volume increases in UK soft drinks activities are expected to add a sparkle to the interim results of Cadbury Schweppes on Thursday. Analysts are forecasting pre-tax profits of between £92m and £95m compared with last year's £81.7m.

The soft drinks business in the UK has benefited from both the sunny weather and the further ironing-out of teething problems for the enterprise which two years ago forged a partnership in the UK with Coca-Cola. Soft drinks are also expected to have performed well in North America, with less progress from the Continental beverage businesses.

On the confectionery side, better results are expected to come out of North America where Cadbury now receives a franchise income after selling its confectionery business to Hershey, the US giant. In the UK, Bassett will make a small first-time contribution.

□ Pentland Industries has rarely been far from the headlines in recent months. First, there was the abortive attempt to take over Parker Pen; then there were the well-publicised problems of Reebok, the US sport shoe company, in which it has a 32 per cent stake; and, finally, the announcement of a reverse takeover by Bertrams Investment Trust.

On Thursday, Pentland will unveil its interim results to June 30, probably its last set of financial figures as an independent entity. The City expects little change from last year's interim profits of £36.8m. Pentland still relies on Reebok as its main source of income, but the shoe company recently announced a fall in earnings for the second quarter of the year. The progress of Pentland's other interests is said to have been steady but unspectacular.

□ Followers expect Blackwood Hodge, the earthmoving and mining equipment distributor, to unveil a further strong performance when it announces results for the six months to end-June next Wednesday. There is a marked second-half bias to the figures, and pre-tax profits at the interim stage should come out at about £8m, against £4.8m, for a full-year out-turn of about £19.5m (£15.5m).

However, the perennial problem with Blackwood Hodge is that the vast majority of its business is overseas. The relative paucity of domestic earnings leaves the company with a severe problem of unrelieved advance corporation tax. As a result of a rising tax charge, earnings per share are likely merely to edge up from 7.4p to 7.9p during the full-year.

Fleet finds a friendly solution

THE FLEET Friendly Society has at long last found a rescuer. It announced plans this week to transfer its members' policies to Homeowners Friendly Society at the beginning of next year, provided it secures the approval of its policyholders.

The transfer of engagements to Homeowners, which is one of the five largest friendly societies, should at least put policyholders' minds at rest.

Both friendly societies have said that policyholders will find the benefits of their existing contracts preserved fully.

Fleet, a medium-sized society, revealed back in May that it was facing financial difficulties. Its accountants first declared that it was "actuarily insolvent." As a result, the society transferred £200,000 (the equivalent of 1 per cent) from its members' benefit funds into a contingency reserve.

Two weeks later, Fleet said it was actuarily solvent – but admitted that it might have to look for a partner.

This week, Fleet's committee of management decided that the interests of its members would be better served if they were part of a larger organisation. "We could have survived on our own, but thought it would be better to have a transfer of engagements" said Margaret Allen, the Fleet director responsible for the transfer.

Homeowners has a total of £287m in funds under management and about 220,000 members. It received £38.5m in premium income last year and expects to take in at least £50m in 1989. It also has over £14m in reserves.

Margaret Allen said "Homeowners is better equipped to face the rigorous life insurance environment in which friendly societies find themselves today", adding that she could see no reason why policyholders should not have the benefit of vast reserves.

Like Fleet, Homeowners concentrated initially on tax-exempt products but then branched out into regular savings policies and single premium bonds.

The merger with Fleet will add a further £20m in funds under management and about 14,500 members. Fleet's reserves stretch to about £300,000. According to the terms of the transfer, all the rights and benefits of Fleet's members will be protected and guaranteed.

The legal documents for transferring engagements are being prepared and will be submitted to the Registry of Friendly Societies for approval. Members should receive details in November and will be asked to approve the transfer at an extraordinary general meeting in December. For the transfer to take place, more than 75 per cent of members at the meeting must vote in favour.

The nation's 500 or so friendly societies face difficult times. The maximum tax-exempt monthly investment was reduced from £20 to £9 in 1984 (or £100 a year), making friendly society policies far less attractive and uneconomic.

Fleet's problems were made worse by a lengthy battle with the Inland Revenue over the withdrawal of life assurance premium relief (LAPR) in 1984. Although it won, it ran up huge costs in the process.

The introduction of PEPs means that investors can now use an alternative tax-free investment scheme which has a far higher ceiling (ie, £4,800).

Fleet has advised its members to sit tight and not surrender their policies since, in so doing, policyholders would receive only their premiums back and not the full benefit resulting from the growth of the investments to date.

Sara Webb

Domino offers a tasty return

SHAREHOLDERS in Domino's Pizza, an express pizza delivery service, are among the luckier investors from the early days of the Business Expansion Scheme.

The US-based company, Domino's Pizza International Incorporation (DPII), which already holds 80 per cent of the capital, is offering to buy the remaining shares from BES holders at double their original value.

Back in August 1985, BES shareholders paid £23.53 a share, putting up 20 per cent of the total capital of £840,000, to help finance the launch of a UK franchise.

The issue, which was sponsored by Smith & Williamson, carried the attraction of a very successful tried and tested formula imported from the US, together with plenty of performance incentives for the UK management.

Shareholders now have the choice of selling their stock immediately and taking £50.00 per share in cash or granting an option to the company which enables it to buy the shares for cash at £55.00 each in August 1990.

The drawback with selling now is that shareholders will be liable to repay the income tax relief as the shares will not have been held for the five –year qualifying period necessary under BES rules.

They will also be liable to capital gains tax on the difference between the sale and purchase price, but so will shareholders who take the cash next year.

While it seems to make sense to hold onto the shares for another year, the risk is that DPII might fail to exercise its buy option before the expiry date. If that should happen, DPII have undertaken to pay £25.00 per share in cash.

But it looks fairly unlikely that this will happen as DPII already have 80 per cent of the total capital.

Domino's accountant, Islam Rahemtulla, says that the bulk of smaller shareholders have indicated that they will grant the options. They have until September 15 to return the completed forms of authority to Smith & Williamson.

Shareholders in other early BES companies may be less lucky this summer as they wait for exit routes to materialise, although John Harrison of BES Investment Research thinks that activity is picking up on the exit route front.

Unfortunately shareholders from the class of 1984 BES issues don't look like having a celebration vintage. Not that there is anything new in this - few BES companies have gone for a stock market quotation over the history of the scheme. At the beginning of this year, there were only seven former BES companies on the main or USM markets altogether.

The picture isn't going to be helped by a despondent new issue climate overall, which may well be a delayed response to interest rate hikes in 1988.

At the end of April 1984 – the end of the first full year for BES trading -- 286 companies raised a total of £98m. Since then, 70 have failed and fallen by the wayside while 13 have been sold at a loss. By the end of April 1989, investors had been offered a clear exit route by only 21 companies. This means there are still about 135 companies yet to announce a way that shareholders can take out any profits.

In most cases, shareholders will have to hope for a trade sale or a repurchase of shares by the parent company,

As quite a few schemes, such as the Barbican Health and Fitness club, do have parents lurking in the wings, shareholders in these issues might be allowed to feel a little more optimistic. But few are likely to see their BES investments listed on the back page of the Financial Times.

Heather Farmbrough

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	4.50	4.60	3.68	monthly	1	-	0-7
High interest cheque	6.50	6.70	5.36	monthly	1	500-4,999	0
High interest cheque	8.00	8.30	6.64	monthly	1	5,000-9,999	0
High interest cheque	8.40	8.70	6.96	monthly	1	10,000-49,999	0
High interest cheque	8.80	9.20	7.36	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	6.00	6.09	4.87	half-yearly	1	1-250,000	0
High interest access	8.00	8.00	6.40	yearly	1	500	0
High interest access	8.25	8.25	6.60	yearly	1	2,000	0
High interest access	8.75	8.75	7.00	yearly	1	5,000	0
High interest access	9.00	9.00	7.20	yearly	1	10,000	0
90-day	9.00	9.20	7.36	half yearly	1	500-9,999	90
90-day	9.45	9.67	7.74	half yearly	1	10,000-24,999	90
90-day	10.00	10.25	8.20	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	10.75	8.06	6.45	yearly	2	5-100,000	1 mth
Income bonds	11.50	9.09	7.28	monthly	2	2,000-100,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue♦	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.27	10.77	8.62	monthly	1	2,500	0
Provincial Bank	10.27	10.77	8.62	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	11.11	9.09	7.78	half yearly	4	-	0
8pc Treasury 1992	10.86	8.77	7.53	half yearly	4	-	0
10.25pc Exchequer 1995	10.26	7.70	6.16	half yearly	4	-	0
3pc Treasury 1990	9.43	8.66	8.19	half yearly	4	-	0
3pc Treasury 1992	9.03	8.20	7.70	half yearly	4	-	0
Index-linked 2pc1992§§	8.21	7.71	7.41	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; Immediate access for balances over £5,000.♦ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 5.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Associated Nursing Services	Wednesday	8.6	11.0	8.0
Consolidated Plantations	Friday ‡	-	-	-
Mhangura Copper Mines	Tuesday	16.0	16.0	-
Minerals Oils & Res. Shares	Friday‡	7.0	-	-
Parrish	Thursday	-	-	6.5
Specialeyes	Wednesday			
INTERIM DIVIDENDS				
Appleyard	Thursday	5.5	11.0	-
Asea AB	Wednesday	-	9.0 †‡	-
Astec (BSR)	Tuesday	0.7	2.35	-
ATA Selection	Friday	0.84	1.3	-
Bestwood	Thursday	0.5	-	-
Black A&C	Thursday	4.0	8.5	-
Blackwood Hodge	Wednesday	0.6	0.9	-
Bletchley Motor Group	Friday	-	-	-
Butler Cox	Thursday	-	-	-
Cadbury Schweppes	Thursday	2.4	6.8	-
Cairn Energy	Thursday	-	-	-
Church & Co.	Friday	3.0	9.0	-
Dewhirst IJ Holdings	Tuesday	0.27	0.5	-
Dickie James	Tuesday	-	-	-
English & Overseas Properties	Thursday	-	1.5	-
Guardian Royal Exchange	Thursday	3.5	8.5	-
Hardley-Walker Group	Wednesday	1.8	3.6	-
Isle of Man Steam Packet Co.	Thursday	-	12.0	-
Jones A & Sons	Friday	-	43.2	-
Ladbroke Group	Wednesday	3.45	4.7	-
Macfarlane Group (Clansman)	Wednesday	1.75	2.6	-
Murray International Trust	Thursday	2.0	2.0 @	-
Newarthill	Wednesday	-	15.0	-
Norsk Data AS	Tuesday	-	-	-
Parambe	Thursday	0.5	1.0	-
Pearson	Tuesday	7.5	10.5	-
Pentland Group	Thursday	0.5	1.0	-
Propeller	Tuesday	-	-	-
Renaissance Holdings	Wednesday	1.2	2.1	-
Sharpe & Fisher	Wednesday	-	-	-
Shorco Group Holdings	Wednesday	3.67	2.1	-
Slough Estates	Thursday	3.3	5.6	-
Templeton Galbraith & Hans.	Tuesday©	3.5	7.5	-
Tribble Harris Li Inc.	Thursday	-	-	-
Woodchester Investments	Tuesday	0.75	1.13	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.‡ Malaysian cents.† Per share gross.‡ Swedish krona.@ 2nd interim dividend.© US cents.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aerospace Eng.	Apr	3,020	(2,218)	7.27	(6.15)	3.12	(2.6)
Alphameric	March	1,290 L	(4,840)	-	(-)	2.0	(3.5)
AT Trust	April	1,330	(169)	7.02	(0.96)	-	(-)
Barlo Group	Mar†‡	243	(2,770)	0.42	(8.59)	1.375	(-)
Cullens Holdings	Feb	4,900 L	(6,110 L)	-	(-)	-	(-)
Davies DY	Apr	1,240	(517)	14.2	(5.5)	5.0	(4.0)
Goodhead Group	May	5,370	(3,568)	19.2	(14.8)	5.5	(4.5)
Havelock Europe	April	82	(4,090)	-	(-)	3.6	(8.6)
Heath S & Sons	March	447	558	9.3	(11.8)	4.3	(4.3)
Herrburger Brook	May	3	84	1.54	(3.79)	-	(-)
Int'l Comm & Dat	Feb	490 L	(238 L)	-	(-)	-	(-)
Mainmet Holdings	May	329	(421)	3.6	(5.43)	1.67	(1.69)
Newmark Louis	April	956	(1,350)	19.1	(30.0)	14.7	(14.7)
News Intl.	June	20,600	(69,200)	-	(-)	4.98	(4.10)
Norbain Electron	April	121	10	0.9	(-)	0.7	(0.7)
Resort Hotels	Apr	1,180	(524)	1.61	(1.43)	0.55	(-)
SEET	April	202	(813)	2.92	(16.6)	3.7	(3.7)
Sheldon Jones	May	471	(443)	6.0	(7.5)	4.65	(4.65)
Telford Group	Apr	434 L	(1,030 L)	-	(-)	-	(-)
Usher Frank	May*	1,290	(1,880)	13.0	(17.5)	6.0	(6.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
ABB Kent	June	4,370	(3,810)	1.75	(1.5)
Australia Invest Tst	June©	447	(-)	0.3	(-)
Avdel	June	6,900	(5,600)	-	(-)
Baldwin	Apr	994 L	(658 L)	1.15	(1.0)
Barr & Wall Arnold	June	1,240	(814)	5.0	(3.5)
BAT Industries	June	811,000	(677,000)	9.30	(7.60)
BICC	July	93,008	(67,988)	5.75	(4.75)
BPP Holdings	June	868	(670)	4.0	(3.4)
Bridon	June	7,900	(6,700)	2.5	(2.0)
Britannia Arrow	June	16,502	(15,732)	2.3	(2.3)
Business Technology	June	2,200	(1,000)	1.5	(1.25)
Cambridge Electronic	June	6,330	(6,000)	3.0	(2.65)
Cattle's Holdings	June	3,400	(3,000)	1.38	(1.25)
Clarke T	June	1,660	(828)	1.16	(0.94)
Dawsongroup	June	1,530	(3,060)	-	(-)
EBC Group	June	3,550	(3,350)	3.5	(2.7)
Evans Halshaw	June	4,290	(2,650)	3.6	(3.0)
Expamet Intl.	June	5,510	(4,490)	3.8	(3.4)
Gold & Base Metal	June	31,100	(44,700)	0.4	(0.4)
Grafton Group	June‡	1,510	(507)	2.0	(0.5)
Ibex Holdings	June	1,010	(780)	1.9	(-)
Kalon Group	July	1,800	(1,160)	0.4	(0.3)
Lec Refrigeration	June	329	(1,980)	4.0	(4.0)
London Finance & Inv	June	709	(287)	1.2	(1.2)
Marley	June	34,320	(34,168)	2.1	(2.1)
McAlpine Alfred	April	4,830	(5,209)	4.5	(4.5)
Mersey Docks & Har.	June	2,130	(2,580)	1.33	(-)
More O'Ferrall	June	4,290	(3,469)	3.2	(2.4)
North Midland Const.	June	448	(201)	2.0	(1.0)
Palma Group	June	403 L	(1,030)	1.2	(1.2)
Pillsbury	June‡#	95,100L	(41,800)	-	(-)
Red Funnel	June	1,200	(1,050)	3.0	(2.0)
Rentokil Group	June	28,000	(22,870)	1.73	(1.44)
Richardsons West.	June	958	(688)	1.0	(0.8)
Scandinavian Bank	June	7,088	(11,425)	3.6	(2.82)
Scottish Inv Trust	July©	10,310	(8,500)	-	(-)
Sunleigh	July	1,410	(1,040)	0.75	(0.55)
Takare	June	827	(405)	1.0	(-)
Tibbett & Britten	July	3,800	(2,700)	2.4	(1.9)
Vantage Securities	June#	73	(67)	0.6	(0.6)
VG Instruments	June	7,070	(6,083)	2.2	(1.9)
Vichualic	June	4,280	(3,660)	3.25	(3.0)
Ward Holdings	Apr	517	(6,170)	0.5	(0.5)
Wates City	June	6,450	(24,690)	0.77	(0.77)
Weir Group	June	11,420	(7,850)	2.5	(2.2)
Young Group	June	1,370	(1,046)	2.8	(-)

(Figures in parentheses are for the corresponding period.)
Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ 2nd quarter figures in US dollars. Last years figures for a 16 month period.# Gross revenue.© Figures for 9 months.† Last years figures for a 15 month period.‡ Irish punts & pence.

RIGHTS ISSUES

Wheway is to raise £16m via a one-for-four rights issue at 115p.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Alva Inv. Tst.	314*§	341	265	5.50	ERI
Avis Europe	600*§	585	580	806.5	Clive Hldgs.
BAT Inds.	-	858	804	13.0bn♦	Hoylake
Beacon Group	53*	52	46	25.3	Anglo Invs.
De La Rue	349§§	359	328	489.9	Norton Opax
Desoutter Bros.	700*	683	541	88.49	Atlas Copco
Goldberg (A.)	187	181	175	51.93	Blacks Leisure
Inry Mer. Dev.‡	650*§	648	619	276.0	Marketchief
Molins	230*§	229	206	66.75	EP Securities
Myson	240*	233	221	195.7	Blue Circle
Myson	216§§	233	221	175.23	Yale & Valor
Plessey	270*	268	276	2.0bn	GEC/Siemens
Prestwich Hldgs.	140*	135	126	51.0	Bealaw (236)
Randsworth Trust	325*	318	309	186.0	Olterflow
Red Funnel	236*	243	188	24.03	Sally UK Hldgs.
SMAC	115§§	109	91	14.72	Lookers
Stead & Simpson	2155*	2150	1900	86.4	Clayform Props.
Do "A" Non Vtg	152*	158	169	34.5	Clayform Props
Tilbury Group	616§	625	582	124.2	Lilley
UCL Group	45½	44	60	4.1	Ferrari Hldgs.
Ward White ‡	445*§	444	325	827.0	Boots
Do Cnv Prf ‡	152*§	151	117	384.0	Boots

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 25/8/89.†At suspension. §§Shares and cash. ♦All paper bid; price attributed by Hoylake.

Share options can be made even more profitable

Slash those bills with some lateral thinking

SINCE LAST year's Budget, the conventional wisdom has been that employees will always end up paying 40 per cent tax on their profits from share option schemes. In fact, with a little lateral thinking many companies could cut their executives' tax bills in half.

A share option is a right to buy shares in a company in the future at a price fixed when the option is granted originally. Employees who take up options under a scheme approved by the Inland Revenue generally avoid tax until, eventually, they sell their shares, at which point they pay capital gains tax like any other investor. By contrast, participants in a non-approved scheme are stung for income tax as soon as they exercise their options.

As long as top-rate income tax was 60 per cent and CGT only 30 per cent, there was a strong bias towards approved schemes. But since Chancellor Nigel Lawson merged the two tax rates in April 1988, the rationale for using an approved scheme is much weaker. If tax at 40 per cent is inevitable, what does it matter whether it is CGT or income tax?

This assumes that when an executive sells shares acquired under an approved scheme, he will inevitably pay 40 per cent CGT on his profit. But there is one disposal method that can pull this down to 20 per cent: a sale back to the company which issued the shares.

When a company buys its own shares, the transaction is treated for tax purposes as if the selling shareholder had received a dividend of the amount of his gain. So, the normal dividend rules apply. The company pays advance corporation tax (ACT) of one-third of the dividend, and the shareholder receives a corresponding tax credit for basic-rate tax but is liable to higher-rate tax on the aggregate of dividend and credit.

Suppose, for example, that a director has exercised an option to subscribe for 50,000 shares in his company at 50p a share and the shares are worth £2 each. He is sitting on a £76,000 profit (50,000 x £1.50) and a sale to an outside party will, therefore, trigger a £30,000

David Cohen discusses how executives can achieve a better deal

CGT liability. On a sale back to the company, though, the £75,000 will be treated as a dividend requiring an ACT payment of £25,000. The employee's sole exposure will be 15 per cent higher-rate tax on the grossed-up figure of £100,000. So, he ends up paying only £15,000 — a mere 20 per cent of his £75,000 gain.

This scenario assumes that the company has enough reserves to accomplish an own-share purchase, and that it is able and willing to jump through the various company law hoops. More fundamentally, the tax-effectiveness of this suggestion assumes that the company can recover in full its ACT outlay so that it will suffer no more than a cash flow disadvantage. If there is a question mark over ACT recovery, then any extra cost to the company will obviously have to be weighed against the prospective tax saving for the employees.

Assuming the company's position can be squared, what other pitfalls might trip up an employee in pursuit of this very attractive tax saving? First, he must ensure that his option exercise is tax-free. It will be too late to save tax on disposal if the full 40 per cent liability has already been suffered on exercise. To avoid this, not only must the option be held under an approved scheme but exercise has to take place between three and 10 years after the grant date — not within three years of that employee's most recent tax-free exercise of an approved option.

One of the conditions for Revenue approval needs particularly careful watching. This is the rule that approved scheme shares must not be "redeemable." If there are firm arrangements in place at the outset for the shares to be bought back by the company, the danger is that this will make them redeemable, hence forfeiting approved status and defeating the whole aim of the buy-back idea.

So, redeemability must be avoided at all costs. If the employee wants a guarantee that he will not be stuck with his shares, it should be possible to structure this in a way that does not offend the Revenue's guidelines.

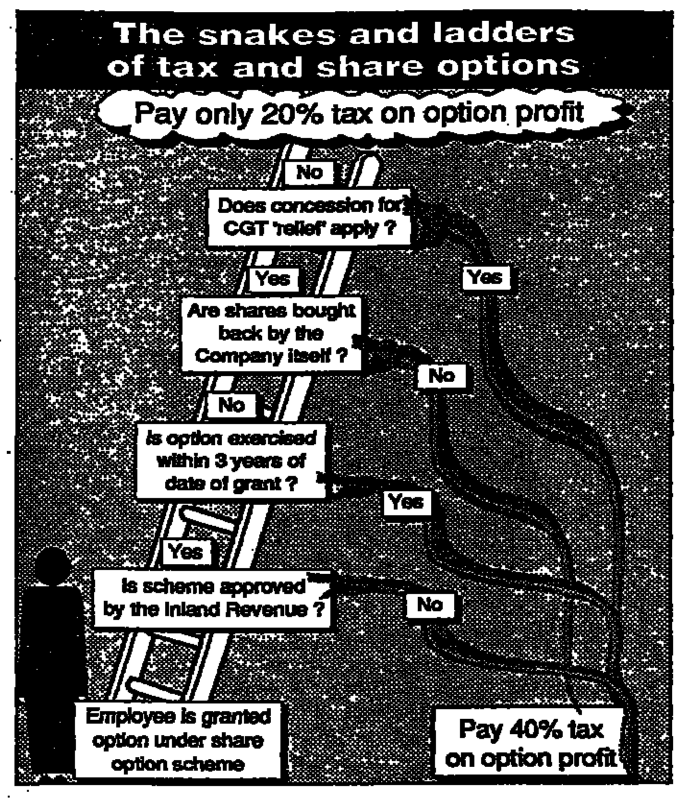
Another trap results, ironically, from what was intended to be a government concession to taxpayers. In 1983, when top-rate income tax was still 60 per cent, it was felt that the application of the dividend rules would deter many shareholders who might otherwise have been keen to sell back to the company. Thus, a new law was introduced providing that if certain conditions were met, an own-share purchase would be taxed like any other share transaction (in other words, CGT rather than income tax for the vendor and no ACT for the company.

This concession, if it applied, would kill off any hope of 20 per cent tax because the employee would end up paying 40 per cent CGT instead. Nor can a shareholder renounce voluntarily the "benefit" of this special treatment; if all the conditions are satisfied then the concession will apply, like it or not.

In practice, though, employees will have no difficulty in breaching at least one of the CGT conditions, namely, that the shares must have been owned for at least five years. Time will not start running until the option has been exercised, so an employee will fail the test provided he sells within five years of exercising the option.

The commercial rationale for a share buy-back is strongest in private companies because there will usually be no other way for the executives to unlock their profits. In theory, the route can also be used to advantage by quoted companies.

■ *David Cohen is a solicitor and partner in the City law firm of Paisner & Co.*



Wife could have to pay tax on land

MY WIFE and I have been resident overseas for the past 20 years. During the whole time, I have been in full-time employment. Apart from a few years, my wife has not had a full-time job and has had accommodation available for her use in the UK. Although we have been back to the UK most years, our residence there has not exceeded six months in any year, nor averaged more than three months.

In 1974 and 1975, we bought in joint names a total of almost three acres of freehold land in England comprising three separate but adjoining plots, for a total outlay of a few thousand pounds. In the intervening period various developments have taken place in the area, and there is now a distinct possibility the the land might be acquired for development in the next few years. We do not expect our residence status to change before then.

How would our liability to tax be calculated on the gain in the transaction? Is our liability affected by our residence status and, if so, can any measures be taken in advance to reduce this liability?

■ On the bare facts given, it seems clear that your wife is resident and ordinarily resident in the UK. You can check this point by writing to the Inland Revenue Public Enquiry Room, Somerset House, Strand, London, United Kingdom, WC2R 1LB, asking for a copy of the free explanatory booklet IR20 (Residents and Non-Residents: Liability to Tax in the UK). The Greece-UK double taxation convention of 1953 does not appear to affect the answers to your questions.

That being so, your wife faces a CGT bill based upon the excess of her half-share of the sale proceeds over the sum of (a) the market value of her half-share in each plot at March 31, 1982, adjusted for the increase in the retail price index since March 1982 (313.4 old-style = 79.442332 new-style); (b) the cost of ascertaining those market values; and (c) the exempt amount for the year of sale (£5,000 for the present tax year). The RPI for June was 115.4

As you appear to be neither resident nor ordinarily resident in the UK, your own half-share of the proceeds might escape taxation.

Overpaid in error

A SITUATION has arisen in which about six months ago I received a number of payments from my employer (a government department) in respect of my transfer overseas. They have now written to say that some of these payments were made erroneously and that I should refund the amounts paid in excess.

My position is that if the payments were erroneous, they were not based on false information provided by me but on errors committed within the relevant department, and that my attempts to clarify my position at the time met with a stony silence. Moreover, the money was received in good faith and spent in good faith and is no longer available to refund, even if I wished to.

Please advise me as to my legal position.

■ Unfortunately, your employer is entitled to insist on a repayment unless it can be established that the payments were made as a result of a mistake of fact on your employer's part. If the mistakes were computer errors or errors of calculation, or a misapprehension of what your entitlement was, you can be required to refund the money. It makes no difference that you have spent the sums in question.

Transfer of shares

I WISH TO reduce my investment dividends in order to benefit from the age allowance. If I transfer shares to my wife, does the capital gain to date count against my own present tax-free £5,000 or against my wife's, now or on eventual disposal? Will the situation be different next year under separate taxation? And what is the capital gains position if I transfer shares to a grandchild (a minor)? Are the gains to date counted as mine this year, the grandchild's this year, or the grandchild's on eventual disposal?

■ First, perhaps we should warn against your apparent assumption that the present £5,000 exempt amount (shared between husband and wife) will be replaced next year by an exempt amount of £5,000 for each spouse. Perhaps it will but don't bank on it.

Shares transferred to your wife will be treated (for CGT purposes) as if they had been sold to her at a price equal to their CGT base cost, including indexation up to the month of the transfer to her. The effect of this is that (a) you have no chargeable gain at the time of the transfer, but (b) she takes over your accrued gain, subject to your accrued indexation relief.

Shares transferred to a minor grandchild (or anyone else) will be treated as if they had been sold to the transferee at their market value (on the quarter-up basis) on the day of the transfer. The effect of this, of course, is that you have a chargeable gain at the time of the transfer, assuming that the present market value exceeds their CGT base cost, including indexation up to the month of transfer.

If the present market value is less than the CGT base cost (including indexation), you might not receive any benefit from the potential allowable loss. The rules are complex, so we shall not explain them unless the situation is likely to arise in your particular case.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Fear of eviction

I AM a single man living on my own, age 77 and in good health. My sister, aged 70, and also in good health, lives alone 23 miles away, having lost her husband six years age. He was a widower with two children (boy and girl) now with families of their own.

My sister has no children of her own. The house in which she lives was willed to her until she dies, after which it goes to her late husband's children.

My sister is inviting me to go and live with her. I am considering taking up the offer as we get on very well.But should she die before me, would I be evicted?

■ You would have no right to reside in the house after her death unless you negotiate with her step-children for an agreement to be entered into between them and you under which they undertake not (after your sister's death) to evict you. This might possibly require your agreement to pay a fair rent for the house.

Gifts to children

MY MOTHER is selling her house now that she has moved into a warden-aided flat. She is proposing to give her four children (me included) £8,000 to £10,000 each from the proceeds and to keep the balance for herself. The house is valued at £60,000 and my mother is 75.

Will we be liable for tax on this proposed gift, or will she?

■ On the bare facts outlined, there should be no tax bill for your mother and there will be none for you and your siblings. The gifts may, of course, affect the inheritance tax bill on your mother's estate if she dies within the next seven years, but that should present no real problem.

Claims over Abbey National expenses

Lloyds will pay up

ALL THOSE Abbey National members who did not receive their share certificates at the time of the stock market flotation should now be able to claim some of their out-of-pocket expenses from Lloyds Bank.

Lloyds, which acted as registrar for the share issue, says it has sent out more than 460,000 replacement share certificates to people whose original certificates were burnt.

Police found the remains of several hundred thousand certificates in skips outside the premises of Business Mailing Services, one of the companies which was selected to handle the mailing of certificates.

Lloyds has sent out claim forms together with the replacement certificates, and says it will consider reimbursing members who make claims for out-of-pocket expenses after looking at each case individually.

It expects to compensate people who ended up with enormous interest charges because they borrowed money in order to stag the issue and then did not receive their refund cheques in time to pay back the loan.

Lloyds also will consider

Police found the burnt remains of hundreds of thousands of certificates

reimbursing people who spent a lot of time and money on the telephone trying to track down what had happened to their cheques and certificates.

Abbey National has said already that in cases where the refund cheques were delayed in the post, it will backdate interest on the money to July 12, the day of flotation. However, the refund cheques must first be paid into an Abbey National account.

A few members may have had a pleasant surprise, however, and received duplicate free shares this time around instead of just one lot.

Lloyds acknowledges that some duplication has taken place with the replacement certificates, but says it felt it was better to send out duplicates to a handful of people rather than delay the despatch.

It warns that members who try to sell more shares than those to which they are entitled will be tracked down eventually and asked to return either the proceeds or the certificates.

Sara Webb

Compensation fund passes initial test

THE Securities and Investments Board (SIB) Compensation Scheme is working well — at least, that is the conclusion reached by SIB in its first review* of the scheme, which was launched almost a year ago by SIB to compensate investors in the event of default by an authorised investment firm. The main points are as follows:

■ Investors will be compensated in full for the first £30,000 of their investment and 90 per cent of the next £20,000, making a maximum compensation payment to individuals of £48,000 on investments of £50,000 or more.

■ There is a limit of £100m in compensation payments in any one financial year. If it looks as though this will be exceeded, the managers have the power to scale down the payout on claims.

■ The cost of compensation and of running the scheme are paid for by authorised firms according to a complex system of fee-charging based on the revenue from authorised investment business.

Costs are met by the other firms in the Self Regulating Organisation (SRO) to which the defaulting firm belongs. However, if the claim exceeds a certain limit, costs above this are spread among all the SROs. An independent management company, Investors Compensation Scheme, operates the scheme.

To date, the scheme has paid compensation for one default and is dealing with four other cases. Allied Equity, which was authorised by IMRO (Investment Managers Regulatory Organisation), has paid compensation totalling £270,684 to 54 investors. All but two of these compensation arrangements involved amounts of less than £30,000, and payment was made in full. The other two cases involved amounts below £50,000.

Compensation is now being considered for the following: Bowers Cadle & Co, authorised by the Association of Futures Brokers and Dealers; Fox Milton & Co, authorised by The Securities Association (TSA); E J Collins & Co, authorised by TSA; and Greenan Investment Management, authorised by FIMBRA (Financial Intermediaries, Managers and Brokers Regulatory Association).

Altogether, payments on these five claims are expected to be between £4m and £5m. SIB has concluded that the compensation limits are adequate, and it does not propose any changes.

In fact, all that has been tested is the question of whether the system can deal with small compensation cases. The system will only be truly tested when it has to handle cases the size of Barlow Clowes, and when the £100m cap is breached.

Roy Croft, executive director and chief operating officer, argues that if SIB and the SROs do their job properly, any potential Barlow Clowes affair will be nipped in the bud. As for the £100m cap, one feels that it is there to reassure authorised firms that there is a limit to their fees and so prevent a possible revolt; however, if the crunch comes and the cap is exceeded, public opinion and possibly Government pressure might force the cap to be ignored, thereby ensuring full compensation.

SIB has now decided that coverage should be restricted to private investors, so certain corporate investors currently covered will be excluded in future.

However, the main change proposed by SIB relates to the scheme's financing. SIB intends to reduce the potential for cross subsidy between SROs, first by putting up the limits which individual SROs have to carry, and second, by requiring life companies and building societies to contribute.

These proposals are likely to be the subject of considerable dispute. In particular the life companies are vehemently opposed to what they regard as paying twice — once to their own scheme through the Policyholders' Protection Board, and again to SIB.

Even if life companies do eventually contribute, the actual cost to policyholders would be minute, and investors holding life policies in a defaulting life company would still be compensated under the Policyholders Protection Act. This pays 90 per cent of the investment, with no cap, so it is inferior to the SIB scheme for small investors and far superior when it comes to large investors.

If the SIB plan is operated centrally, there is a case for spreading costs across all authorised firms. It does not seem logical to require an SRO to finance a large part of the costs of the default of its members, but not to be otherwise involved in determining the compensation levels or the running of the scheme. The effect of this proposal will depend on whether any particular SRO has a preponderance of defaults. If there were to be a disproportionate number of defaults from FIMBRA for example, then its members could find the compensation levy being increased.

The review is in the form of a consultative document at present, and SIB seeking the views of all interested parties. Its final proposals are due by the end of the year.

* *Review of the Investors Compensation Scheme, Consultative Paper No. 28 available from the Securities and Investments Board, 3 Royal Exchange Buildings, London EC3V 3NL, price £5.*

Eric Short

MINDING YOUR OWN BUSINESS

A WISE THING to do after spotting a popular movement is to hitch a ride. Right now, the gates of the conservation movement are wide open to receive people with sound business ideas. When the usual crop of charlatans and hopeless causes has fallen by the wayside, a number of new enterprises will continue to prosper from growing awareness of the need to conserve the best of our heritage. Here, Roy Hodson reports on two people who, in their differing ways, are contributing to conservation. Joanna Payne in London is conserving prints, water-colours and drawings while Hugh Noyes, a farmer on on the Isle of Wight, is assembling a collection of rare domestic breeds of animals and waterfowl.

From cows to rare breeds — an idea that really clicked

Even the officials were enthusiastic

HUGH NOYES, aged 60, has been farming 200 acres on the south side of the Isle of Wight since his schooldays. The land and the house are his home. The farm belonged originally to his father, the poet Alfred Noyes. And although Hugh spent many years in London in journalism, he refused to give up his links. A few years ago, he moved back to the island with wife Judi and their five children as a full-time farmer.

But even his tenacity has been almost defeated by the European Community's Common Agricultural Policy. Traditionally, the farm has supported a dairy herd of 100 cows. But his present milk quota of 400,000 litres can be produced with a herd of only half that size.

After paying a fine of £2,500 for being over his quota, and having to pour away thousands of litres of milk in the following 12 months so as to keep within the quota, he decided that an alternative must be found to keep the farm viable.

The Noyes family sat round the table to think out the problem and began to discuss rare animals. It so happened that Hugh had begun to take a hobby interest in rare waterfowl, and had assembled a collection of about 100 breeds on his fresh-water ponds. He had even made a little money by exporting species.

So, the the family hammered out a tentative scheme to convert the farm into a public display of rare breeds, mainly of domestic animals and waterfowl. Rather diffidently, Noyes put the idea to the Ministry of Agriculture, the Rural Development Commission, and the county authority.

The result is the Isle of Wight Rare Breeds and Waterfowl Park, which has emerged as one of those occasional ideas that inspires cool officialdom with enthusiasm right from the start. "One of the most exciting tourism projects on the island," reported the Rural Development Commission, adding: "It combines the elements of conservation and the environment with preservation of rural heritage."

Hugh and Judi, son Robert (22) and youngest daughter Clare (18), together with a small team of farm and construction men, now are working now flat-out to open the park to the public next year. They have already spent £100,000 and more rare breeds, chosen with the support and help of the British Rare Breed Survival Trust, are arriving almost every week.

The park will have llamas when the price comes down (Noyes says the going rate of £8,000 an animal is a bit steep) and perhaps some Australian wallabies. But its mainstay will be rare breeds of domestic animals: cattle, sheep, pigs, goats, ponies and deer, together with the wildfowl. Among the recent arrivals are Bagot goats, Gloucester cattle (very rare, with only 140 breeding females remaining), White Park cattle and British white longhorns.

The settling-in of these rare animals has not been without incident. An unusually athletic small goat leaped to freedom the other day and munched its way through some prized plants in a neighbouring garden. Clare Noyes was surprised when a delicate-looking miniature pony took an aggressive bite at her jeans the other day.

Two rare swans are causing a problem. They have a permanent hatred of all women and attack on sight. Clearly, some customer awareness will have to be instilled into the animals before the park can be opened at a charge of between £1.60 and £2 a visitor.

While running the farm as a milk-producing unit, Hugh could not expect to gross more than £40,000 a year on his milk quota, which would have left him with a net profit of perhaps £10,000. The rare breeds park will need about 40,000 visitors a year to break even but the Rural Development Commission is confident it will attract more than twice as many within the first year.

The Noyes family is having to invest £360,000 to meet the budget, which includes such items as animals and wildfowl (£25,000); a tea-room and gifts shop (£94,000); a car park and access (£40,000), internal roads and paths (£25,000), and a long list of smaller outlays.

They are raising the money from their own resources, plus bank loans and some help through grants and soft loans. The sale of a farm cottage will contribute £75,000 and a further £80,000 is to be raised out of a family trust. Barclays has been co-operative with a bank loan and Lloyds also is willing to assist if needed.

There is the possibility of government help through the Rural Development Commission for renovating or rescuing redundant farm buildings and Noyes hopes for up to £12,000 in grants.

■ *Isle of Wight Rare Breeds and Waterfowl Park, St Lawrence, Ventnor, Isle of Wight (tel. 0983-852-582).*

Hugh Noyes ... had to find an alternative

Joanna Payne: so busy that she must soon find new premises and perhaps take on extra help. She is handling work for museums, art galleries and picture-framers as well as private owners

After the art world's Armageddon, a comeback for conservators

Papering over the cracks

AN EXCELLENT notion when starting a personal business is to offer a service for which there is a clear and growing demand. Indeed, any other approach to the entrepreneurial life is likely to end in tears.

The esoteric skills of the paper, prints, and drawings conservator were not exactly enjoying a seller's market before the 1960s. Then came the art world's Armageddon in the form of the Florence floods, when countless precious works in basements were damaged by water. The silver lining to that disaster was a re-awakening of appreciation throughout the world of art for what the paper conservator can do. The relatively few experts who practise the craft have been receiving a rising number of commissions ever since.

In a pink-walled mews workshop in Holland Park, London, Joanna Payne, 32, a farmer's daughter, is handling work for museums, art galleries, picture-framers and private owners. She is so busy that she must soon find new premises and perhaps take on one or more full-time assistants. In the past year she has handled £22,000 worth of commissions, ranging from work on 17th century drawings to restoring damage sustained by a 1988 water-colour, the work of an American artist, which was sent to Europe in a ship's hold and fell prey to the damp sea air.

As one of Britain's few independent paper conservators, her biggest overheads are the rent on her premises in a fasionable corner of London (she is anxious to work within a taxi-ride of her main customers, the musems and galleries), and the exceptional insurance cover she has to maintain in order to be able to work on highly-priced fine art in her own workshop. At present, she is paying a premium of £700 a year. That covers her for accidents and disasters but does not provide cover against damage caused by bad workmanship. "However," she says cheerfully, "I haven't lost a picture yet."

Materials also are expensive. She uses a hand-made paper made in Japan from the bark of the mulberry tree because it is "soft and strong." Her best brushes come from Japan, too. But it is not a one-way trade with the East: Payne herself was in Japan last year lecturing on how to conserve Chinese wallpaper.

The processes involved in being a conservator are slightly daunting to the layman. Each job has to be taken very slowly, after exhaustive tests, to ensure that the actual art work is not damaged in any way during the conservation process. It involves using a lot of water to soak away stains, and the use of bleaches so delicate that they can remove marks in the paper of, say, a water-colour without having any other effect. The task is not helped by the eccentricity of some artists who paint or draw on cheap paper.

'The task is not helped by the eccentricity of some artists'

A tip to anyone trying to reframe old prints or water-colours: do not use powerful modern adhesives and avoid at all costs the temptation to stick the backing together with a pressure-sensitive clear tape. "Over the years, tape can leave a yellow stain which is sometimes impossible to remove from a picture," says Payne. She has had to deal with that problem on a Hockney.

She makes her own wheat starch for repairing tears and missing areas. "The point is," she explains, "it is a reversible material, like all the mixtures and chemicals I use. It will always be possible to remove them from the original work. That is the rule for the conservator to follow."

Unlike an art restorer, a true conservator will not re-touch the actual art work or restore missing bits. The challenge is to eradicate damage (caused usually by the ravages of time, damp, and contact with poor-quality picture backings, bindings and frames).

Payne trained at the Camberwell School of Art in south London and worked for a fine prints dealer before she decided to test the market for the paper conservator by setting-up on her own. Camberwell, and Gateshead Technical College, are the only two colleges in England offering diploma courses in paper conservation.

A few former students now are offering their services to the art world, often in a part-time capacity. Payne believes the demand for conservation work by trained professionals will continue to grow — although the rewards are not rich at the going fees of between £25 and £200 for working on a typical water-colour.

■ *Joanna Payne, conservator of prints, drawings and water-colours, 14 Addison Avenue, London W11 4QR (tel. 01-602-5474).*

IN BRIEF

FEW OF MY stories about the unreasonable obstacles that rear up before small business people have produced such an immediate response from other sufferers as the plight of writer and publisher Gill Cutress. She wanted to sell books (factory shop guides, published in London) in the United States at about $2.75 each. She found she could easily end up losing money on every cheque cashed, for international bank charges are often in the range of $10 to $25 for a single cheque.

Gill is not alone in facing that predicament. It does not appear to be an area in which the big clearing banks are competing fiercely for business. Her solution, after shopping round the financial institutions, was to use the Access service which, she says, she has found "very satisfactory." She and other readers also speak well of the service offered by a small American bank, Bell Savings of Philadelphia.

Robin Flood, who represents the bank in Britain, says its chairman, Jay Gross, is making a special pitch to attract small business accounts trading in US dollars, and is doing good business in Britain with small business customers ranging from publishers to travel agents. They use the bank's corporate and personal business chequeing accounts without having to pay onerous charges.

In a future article, I will report in more detail on how the bank is assaulting this niche market.

■ *Bell Savings Bank, 15th and John F. Kennedy Boulevard, Philadelphia, Pennsylvania 19102 (tel. 0101215-734-0210).*

R. H.

MOTORING

The Javelin that stays sharp

***Stuart Marshall** puts a veteran through its paces and discovers a true classic*

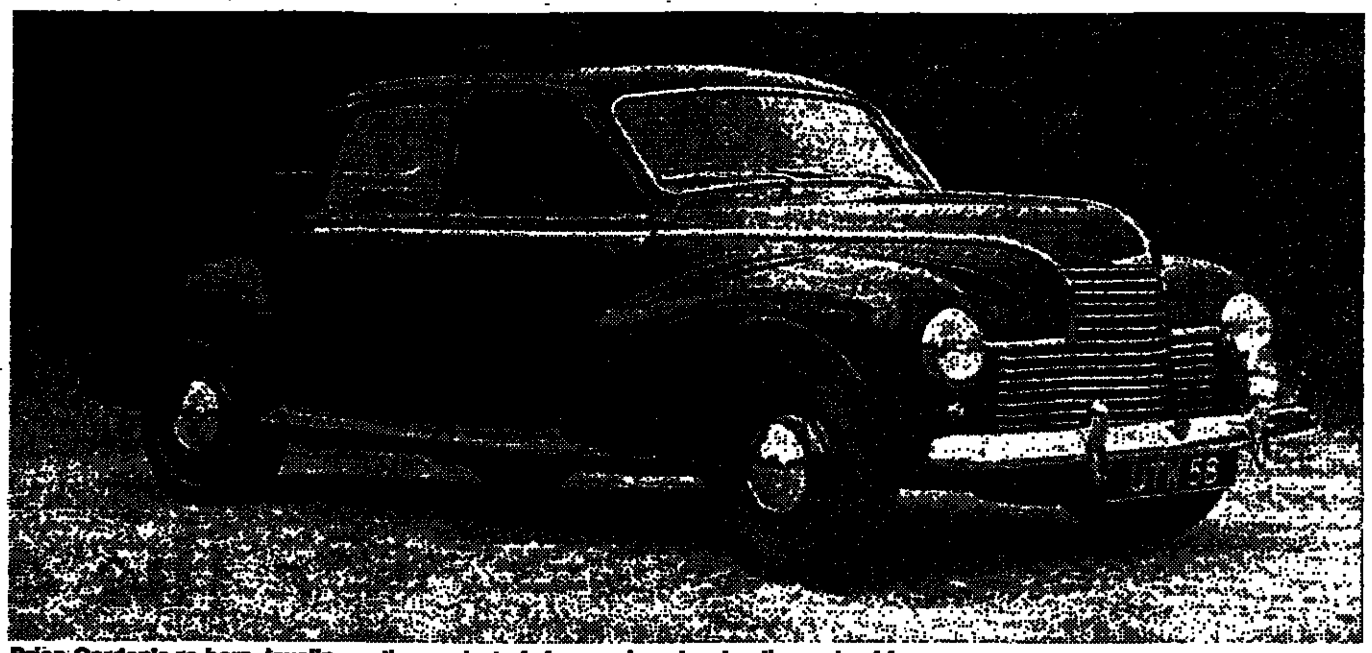
JUST BECAUSE a car is more than 40 years old does not mean it is necessarily a classic. Some of the early post-Second World War II vehicles now changing hands at prices beyond their manufacturers' dreams of avarice were pretty poor products when new. But one that qualifies genuinely as a classic is the Jowett Javelin. When launched in 1947 it was as revolutionary in its own way as the Mini that came 12 years later.

In the 1940s, motorists driving cars made post-war but designed pre-war reckoned a mile a minute was good going for their Austin Tens and Hillman Minxes. But the Javelin, with a flat-four, 1.5-litre, 50-horsepower engine reached 80 mph (130 kmh).

Its aerodynamic shape helped. The streamlined four-door body still looks handsome. Modern, almost, if you can overlook the front doors hinged on the centre pillar. The Javelin had torsion bar suspension, independent at the front. For handling and road-holding it knocked spots off contemporary sports cars.

Although quite a small car – at 13 ft 8 in (416 cm) long, it is slightly shorter than a present Ford Orion or Toyota Corolla – it was a six-seater with head-room and rear seat leg-room that some of today's cars cannot match. The boot was pretty large, too, with a wind-down spare wheel under the floor just like a modern Citroen or Peugeot.

The Javelin was a brilliant design. It should have brought fortune as well as fame to its Bradford-based manufacturer. But production stopped in 1953 when 23,000 had been made.



Brian Gordon's re-born Javelin . . . the product of six years' work using the parts of four cars

What went wrong? For one thing, the gearbox. First gear did not last and warranty repairs choked the factory. Then, Jowett could not take delivery of body shells from its supplier, Briggs Motor Bodies. Inevitably, financial problems followed. Then Ford bought Briggs and the plug was pulled on the Javelin.

Some survive, mostly in the north of England. But none can be in better condition than one owned by Brian Gordon, of Oxted, Surrey. With almost super-human skill and patience, he has restored UTW 48 to showroom condition, using the parts of four cars.

It took him six years. He says that overhauling the engine, gearbox and rear axle, and re-creating body and suspension from what you and I would call scrap, were relatively straightforward. But bits like a steering wheel that was beyond restoration were tricky. It had to be made anew in dental plastic (Gordon was a dental technician before he became a garage proprietor).

Perfect though it is, this Javelin is not a wrapped-in-cotton-wool museum piece. He drives it to Jowett Car Club events all over the country, cruising at 60-65 mph (96-105 kmh) – although it is still good for 80 mph – and returning up to 32 mpg (8.83 l/100 kms). "Classic cars are not meant to be carried around on trailers," he insists. "They lose their point unless they are driven."

Gordon let me take a turn down memory lane in UTW 58, spotless in black paint and red hide, the wood veneer fascia looking as if it had received 16 coats of French polish. (It had).

He asked me to avoid using first gear. It wasn't missed; the car moved away smoothly in second. I slipped the steering column lever into third at under 20 mph (37 kmh) and the engine pulled hard in top from 25 mph (40 kmh).

On the Caterham by-pass, the sprightly Javelin romped past Saturday-morning motorists at 70 mph, the engine sounding sweeter the faster it spun. The transmission was quiet, the rack-and-pinion steering positive, the brakes adequate, and I thought the ride pretty good even by '80s' standards.

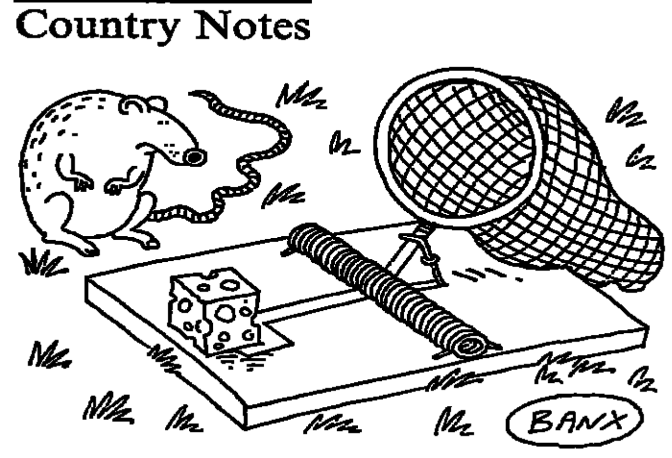
The Javelin was the first British production car to have a curved windscreen and an engine mounted so far forward it overhung the front wheel centres, just like a 1989 Audi.

In 1952, not long before production ended, a Javelin cost around £1,250. Today, Gordon's born-again car would probably fetch only four or five times that amount under the hammer. It should be worth much more.

Gordon feels the collectable car market down south does not really appreciate the Javelin. It hasn't woken-up yet to the fact that it was a genuine British classic, an adventurous design with a potential that was never realised.

Perhaps it soon will. Posthumous recognition of Jowett's pioneering effort to put British family motorists into a really *modern car would be better* than nothing.

Country Notes



Trapped in the woods

A DISEMBODIED voice called faintly through the trees: "E6 – one open, one closed." I fought my way up the hill through the prickly undergrowth, thorns pulling at my clothes, to record the requisite information. This was not a new form of giant "battle-ships" played in woodland as a successor to the fashionable war games, but part of a long-running scientific survey of woodland small mammal populations being carried out by Dr John Flowerdew of Cambridge University.

E6 is just one of 48 fixed points on a square grid set out in a Somerset wood, one of about 20 country-wide study sites. At each point there are two traps, aluminium box affairs made by Longworth, containing a bed of hay and rations of oats (for rodents) and blowfly larvae (for carnivorous shrews) so that any captures remain comfortable until they can be released.

The contents of the closed trap at E6 were emptied into a large polythene bag, a useful precaution because, although the "hard men" will tell you to plunge your hand into the hay-filled nest box, the trap could contain all manner of beasts including a weasel, an animal swift of movement and sharp of bite.

In any case, this doubtful practice could have your small mammals making a desperate leap for freedom, which would be decidedly unhelpful in a scientific survey. But, once secured, the captive can be sexed, weighed and marked with a little judicious fur clipping before release.

The marking of trapped animals is very important because some individuals are re-trapped several times during a trapping season; but it is impossible to say whether this is because they are slow learners or simply are prepared to put up with a few hours' captivity in return for a square meal.

There are two trapping sessions every year, at the end of May and during November, and in our Somerset woods we can catch up to seven species of small mammal, although only four are caught with any regularity.

Common shrews are tiny creatures weighing about the same as a 5p piece. Their large surface area to body volume means that the heat loss through their skin is uncomfortably high. Shrews live hectic lives, needing to feed every two hours or so. They scurry about in the undergrowth, long sensitive noses a-quiver for their invertebrate prey. The meat source in the trap is essential for their survival.

Bank voles, gingery snub-nosed rodents with their ears hidden in their fur and with short tails, tend to be caught more often in the daytime than at night. They are both calmer and tamer than mice and will often sit on your hand after being weighed. They might even munch an oat grain or two.

By far the most frequently caught species in our woods is the wood mouse. Similar to the house mouse in size, the wood-mouse is brown with white underparts, a long tail, and very large ears and eyes. It is a nocturnal character and, despite the protection provided by these large sensory organs, it often falls prey to owls and mammalian carnivores such as foxes and weasels.

The fourth small mammal on our "commonly caught" list is the yellow-necked mouse. It is a larger version of the wood mouse with a longer tail, a Roman nose, and a buff collar from which it takes its name. Its distribution is patchy in Britain and we are lucky to have it in our woods.

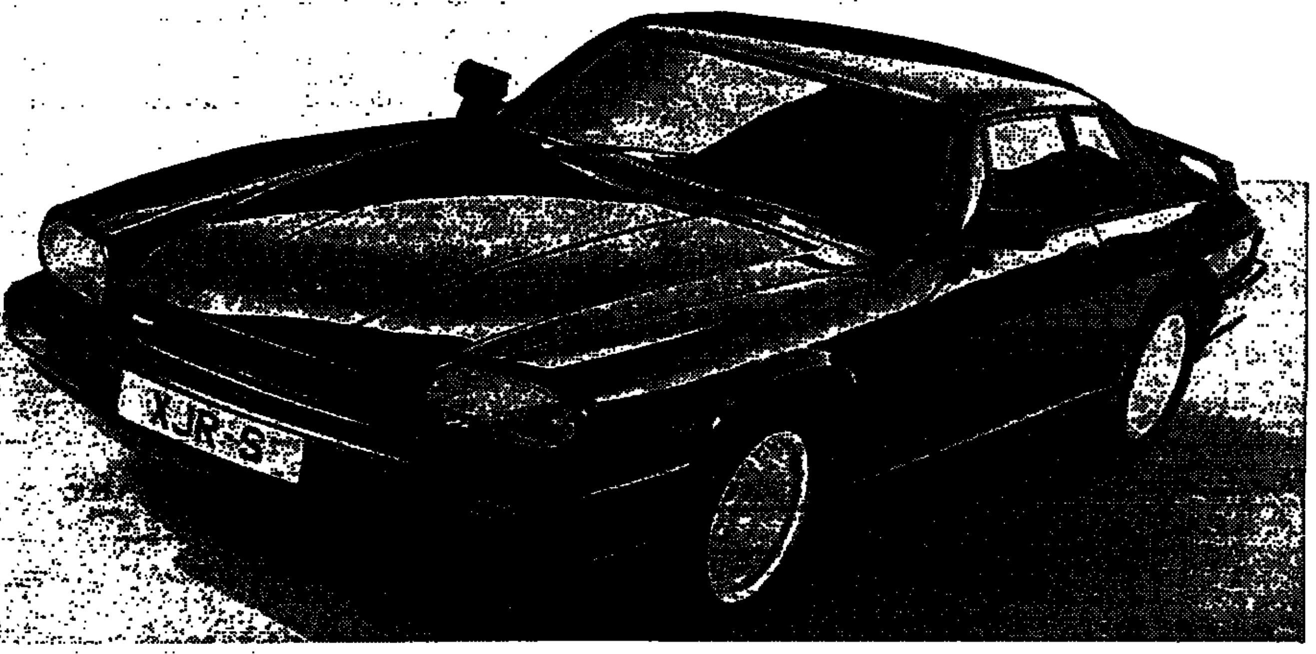
They are fierce mammals to trap, squeaking loudly in protest and biting at the slightest opportunity. They certainly make trapping more interesting! They also invade houses *more readily than the other* species, and the slightest hint of cold in the autumn brings the yellow necks pouring into our loft where they clog-dance all night and spend their days chewing anything soft that is stored there.

This sensitivity to cold is reflected in the numbers of mice and voles captured and, following the severe winter of 1981-1982, the records indicate a considerable population crash. Snow certainly adds a useful protective blanket to cover the activities of small mammals on the ground but, if this means that *avian* predators are unable to find their normal prey in open fields and transfer their hunting efforts to woodlands, then wood mice and bank voles will be reduced accordingly. At the same time, the harsh conditions not only make finding food more urgent – they also make it much harder, and the results clearly are fatal.

Related to this is the amount of food available, and it does appear that a heavy autumn crop of tree seeds results in large numbers of voles and mice being captured during the subsequent survey. Oddly enough, it would almost seem more logical for the reverse to be true.

When there is plenty of natural food available, why do small mammals enter the traps? Perhaps it is sheer boredom with their existing and plentiful, but monotonous, diet - who knows?

Michael J. Woods



A jet-propelled Jaguar

*But it's so gentle to drive, says **Stuart Marshall***

THERE HAVE been Jaguar sport models before but, stiffer suspension apart, the differences from standard models have been mainly cosmetic. The XJR-S 6.0 (pictured) starts a new trend. Its V12 engine has been enlarged from 5.3 to six litres and output increased from 286 to 318 horsepower. That puts it up among the Mercedes 560 SL (300 bhp) and Porsche 928 (320 bhp), and the Jaguar beats all-comers handsomely for torque (pulling power).

Much more could have been got out of the engine but the aim was driveability, not some totally unrealistic maximum speed. Jaguar says, however, that the new car has done 162 mph (260 kmh) at the Nardo test track in Italy, which is like a circular six-lane motorway.

Anywhere except Germany, you can only begin to appreciate the potential performance. The XJR-S 6.0 leaves traffic lights like a naval jet on a steam catapult, and the automatic transmission (there is no manual alternative) makes it gentleness itself to drive.

The ride is much firmer (and, for me, better) than that of a standard XJ-S, which I find a mite soft for comfort, especially on winding roads. The steering feels sharper, too, with more feed-back from the road surface, and handling is tauter.

A new Dunlop ultra-high speed tyre, the D40-M2, was developed specially for the Jaguar. Remarkably, it combines super-sports car handling and road-holding with limousine ride and comfort.

Only 650 of the new cars will be made in the next year, all for sale in Britain because the engine must have four-star petrol. I would reckon on an average consumption of 15-17 mpg (18.8-16.6 l/100 km). Jaguar is working on a six-litre engine that will run on unleaded. Later, it will be equipped with catalytic emission controls so it can be sold in markets like Germany and Switzerland.

The sheer size and limited interior space of the XJR-S 6.0 reveals its maturity – the design dates back to 1974. But the one I drove looked handsome and muscular. The air-conditioned, *leather-upholstered* and polished wood-trimmed interior is what a Jaguar traditionalist expects.

The price is £45,500, a whopping £7,000 increase on the 5.3-litre V12 XJ-S it replaces. But you have to pay £10,000 more for a Porsche 928 and, by comparison with the £42,500 asked for a 2.2-litre, four-cylinder Lotus Esprit Turbo SE, the Jaguar looks like a loss leader.

When smoke gets in your eyes . . .

QUITE RIGHTLY, we worry a great deal about air pollution – the greenhouse effect and so on. The motor industry (and, therefore, its customers) spends vast sums on cleaning-up car exhausts.

Driving back to London from Coventry, where I had been trying the new Jaguar XJR-S 6.0, I ran into what looked like a sudden bank of thick fog on the M1. It wasn't fog but smoke, pouring in stinking clouds from farmland adjoining the motorway.

Apart from the danger, these acres of burning stubble must have been putting more muck into the atmosphere than thousands of cars. As the motor industry is cleaning-up its act, isn't it time the agriculture industry followed suit?

If it really is impossible for stubble to be ploughed under, as it used to be, perhaps a farming reader will explain why. I can't be alone in thinking there must be a better way of dealing with it than simply setting it alight.

S. M.

Chess

A TURNING point in the celebrated world championship match of 1972 occurred in game six when Bobby Fischer suddenly abandoned his lifetime preference for the king's pawn opening and began 1 c4 against Boris Spassky, followed by a switch to a Queen's Gambit with d4.

Fischer then rubbed in the psychological blow by winning in brilliant style against Spassky's favourite defence. Spassky never recovered from the shock and lost further games, some by elementary mistakes, as Fischer took his title.

The surprise value of departing abruptly from long-established chess habits was underlined in 1980 when Tony Miles met Anatoly Karpov's 1 e4 by 1 . . . a6 at the European team championship. Karpov shows emotion rarely and his only outward reaction was a blink of an eyelid but, inwardly, he was angry, regarding Miles's bizarre choice as a kind of lèse-majesté at such an important event. The champion was unsettled, played the middle game poorly and went down to endgame technique.

These two precedents are part of chess lore, and Nigel Short might well have had them in mind last week when he sat down to play Gary Kasparov in the World Cup at *Skellefta, Sweden*. Short had performed with success against Kasparov earlier in his career, but more recently he has suffered several defeats.

Short, like Fischer, is a king's pawn player; so when Kasparov entered the tournament hall a few minutes late, he looked for the e-pawn in the middle of the board. It wasn't there. Short had begun with 1 d4 for the first time since he became a grandmaster.

Kasparov was wary, sensing a prepared line against his favourite Grunfeld Defence. The world champion usually plays the opening quickly but, determined to avoid the fate of Spassky and Karpov, he slowed right down. He took nearly an hour for his first five moves and opted for a flexible, non-committal pawn formation so as to await events.

Short was thrown off-balance by this response. Even his third move, removing his bishop from the queen's side when Black's queen already was preparing for operations on that flank, looks dubious. His pawn advances brought subtle weaknesses in the white game which Kasparov exploited by his clever 13 . . . Be4, offering to provoke 13 f3 which would leave Short's king's side full of holes.

Short tried to avoid permanent weaknesses, but his chosen plan abandoned castling and Kasparov took the initiative by the powerful central thrust 18 . . . d5 and 20 . . . d4.

It is possible that Short realised how bad matters were only after grabbing a queen's side pawn with his queen at move 28 and then facing Kasparov's energetic counter 28 . . . g5! The white knight suddenly has nowhere safe to go. If 29 Nh5 Qe2! 30 Nxg7+ Qxe4+ 31 Kf1 Qh1+ or d3 with a winning attack. If 29 a4 Qxb3 and now the queen threatens to invade at f3. If 29 Nd5 Black can again play Qe2 or perhaps even stronger Rxd5.

The best Short could find was the hopeless 29 Qa4, leaving himself knight for two pawns down in the endgame which Kasparov decided, typically, by a mating attack. Short's final move 45 Rd7 was a blunder, but if instead 45 Bxe5+ Nxe5 46 Rc7 (else Nf3 and Rg1 mate) Nf3 47 Rc1 d3 wins.

It is curious that Short is becoming so helpless against Kasparov at a time when Britain's No. 1 is obtaining good results aginst the other great champion, Karpov.

White: N. Short (England).

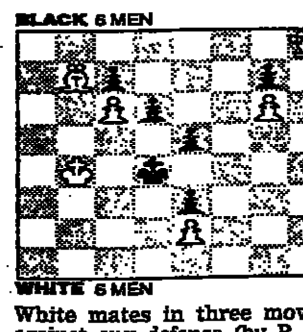
Black: G. Kasparov (USSR).

Queen's Pawn (World Cup 1989).

1 d4 Nf6 2 Nf3 c6 3 Bf4 d6 4 h3 Qb6 5 b3 c5 6 dxc5 Qxc5 7 c4 g6 8 Nc3 Bg7 9 Rc1 Bf5 10 Be3 Qa5 11 Bd2 Qd8 12 Nd4 Be4 13 e3 Nc6 14 Nde2 Bd3 15 Nf4 Bxf1 16 Kxf1 O-O 17 g3 e6 18 Kg2 d5 19 cxd5 exd5 20 Qf3 d4 21 Ncd5 Nxd5 22 Qxd5 Qe7 23 Rhe1 Rad8 24 Qc5 Qd7 25 e4 Ne5 26 Red1 b6 27 Qc7 Qb5 28 Qxa7 g5 29 Qa4 Qxa4 30 bxa4 gxf4 31 gxf4 Nd3 32 Rc6 Nb2 33 Rdc1 Nxa4 34 f5 Rfe8 35 f3 Ra8 36 Kh1 Nc5 37 Rg1 Kh8 38 Rc7 Rf8 39 Bf4 Rac8 40 Re7 Rce8 41 Rc7 Nd3 42 Bd6 Rg8 43 Rxf7 Be5 44 Rxg8+ Rxg8 45 Rd7 Nf2+ 46 Resigns.

PROBLEM No. 787

BLACK 6 MEN



WHITE 6 MEN

White mates in three moves against any defence (by R. F. Fegen). Despite Black's restricted choice of defence, the white queen has to make subtle and accurate choices.

Solution Page XV

Leonard Barden

Bridge

HUGH KELSEY'S *Deceptive Plays in Bridge* has been republished in paperback (Robert Hale £5.95). This is an excellent book. We look first at a hand from a rubber:

N
♠ A 5
♥ A 7 5 2
♦ K J 9 8 4
♣ 9 7

W
♠ 6 3 2
♥ K 6 3
♦ A 10 5 3
♣ 8 5 2

E
♠ 8
♥ Q J 10 9 4
♦ 7 6 2
♣ K J 6 3

S
♠ K Q J 10 9 7 4
♥ 8
♦ Q
♣ A Q 10 4

North dealt at a love score and opened with one diamond. East came in with one heart and South forced with two spades. North re-bid three diamonds, South said three spades and North said four hearts. South now introduced a Blackwood four no-trumps and, after his partner's reply of five hearts, bid six spades. This became the final contract. West led the three of hearts, taken by dummy's ace. The declarer, instead of at once finessing in clubs, rightly led a diamond to his queen. West, without any change of pace, allowed this to hold.

The declarer was convinced that East held the ace and played a low club to the nine, losing to the knave. East led back a spade to the ace. Now dummy's diamond king was led, East played low perforce, West took with his ace and played a spade to beat the contract by two tricks.

Suppose West takes the diamond queen – what happens? Dummy wins a spade return in hand, crosses to the ace, discards two clubs on king and knave of diamonds, finesses the club queen, draws the last trump and claims the slam.

We turn to championship teams-of-four:

N
♠ 9
♥ A Q 10
♦ K J 9 8 5 2
♣ 9 8 2

W
♠ 8 3
♥ 9 6 4 3
♦ A Q 3
♣ K J 5 4

E
♠ K Q J 7 6 4 2
♥ 8 7 5 2
♦ 7
♣ 6

S
♠ A 10 5
♥ K J
♦ 10 6 4
♣ A Q 10 7 3

With North-South vulnerable, North dealt and bid one diamond. East pre-empted with three spades and South's bid of three no-trumps concluded the auction. West opened with the eight of spades. East won two tricks in the suit and a third spade was won by the ace. On this trick the British West, Harrison Gray, discarded his ace of diamonds.

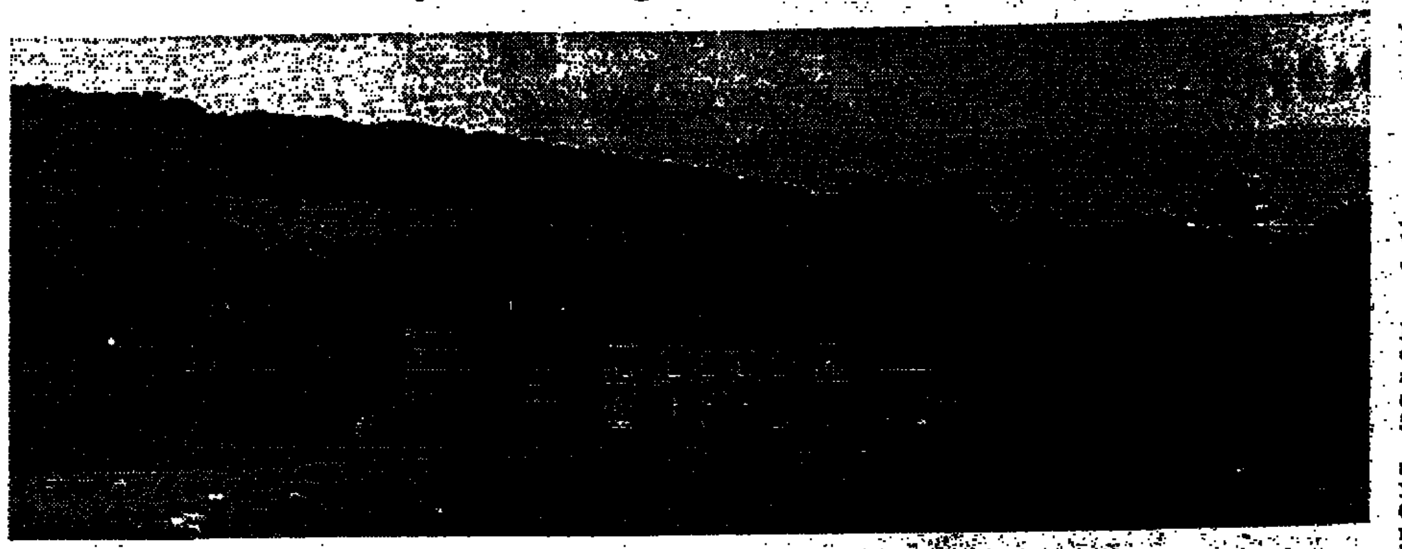
Deciding that this jettison play was to prevent him from establishing diamonds without allowing East's presumed queen to obtain the lead, the declarer turned to clubs. Crossing to the heart queen, he finessed the nine of clubs, losing to the knave.

West continued his deception by leading the three of diamonds, the king won, and a club was returned to queen and king. Now West produced the queen of diamonds to defeat the contract, which South did not find very amusing. This hand has received much publicity, but it is worth a replay – it is a true brilliance.

E.P.C. Cotter

PROPERTY

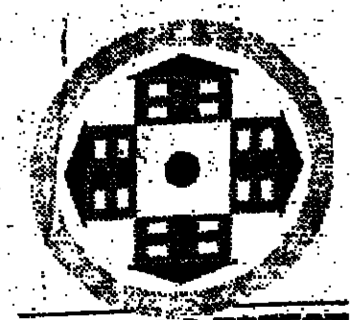
An overlooked city is reviving – with some help from Toyota,



'The bones of a great country house' . . . Hopton Hall, which was sold this summer for more than its £500,000 guide price

Derby's renaissance

Unemployment has been falling and property prices have nearly doubled in 12 months, says Carrie Segrave



THE HALO EFFECT

THE ESTATE agent's PR man struggled for a minute. "Derby? Ah yes, Derby. That's, er, in *Derbyshire* . . ."

The Derby area rejoices in a lack of attention (so far) from the major agents who advertise country seats and gentlemens' residences in the glossies. The national chains are in the area, but in the form of recently-renamed local agencies rather than branches of the traditional London West End heavies.

Estate agents are not the only ones to have overlooked Derby, though. Pretty well everyone has for the past decade. The city, which has retained its heavy industry image much more than its near neighbour, Nottingham, went sharply into decline with the Rolls Royce crash early in the 1970s. But, quietly, Derby has been shaping-up for a renaissance which has seen unemployment fall gradually and property prices all but double in 12 months.

The seal on the city's achievement was the announcement that Toyota will build its major new European car plant at Burnaston, on its southern outskirts.

New highways and bypasses are under way to relieve the area's congested "A" roads – notably, the M42 which is making its way across from Birmingham below Derby to the M1 and the East Midlands Airport. It has reached Ashby de la Zouch to the south, shortening the journey time to Birmingham from 90 to 40 minutes.

Technology parks and new office schemes are in the air. Some 72,000 sq ft of offices, plus homes, are appearing on the old greyhound stadium site and the first units are being built at the Sir Frances Ley Industrial Park, a a £12.5m scheme with the added benefit of being a Simplified Planning Zone.

Incoming industries will find a wide range of homes for staff and management. And they will be arriving at an historically interesting point in the local property market's progression. The "ripple effect" brought the property boom to Derby rather late in the day, and – as with everywhere else – things are quietening again under the pressure of the high mortgage interest rates. But the market took off from such a low base that even the doubling of prices has left homes still within reach of the first-time buyers.

Then, unlike some other counties, Derby's essentially rural hinterland is not stuffed with country manors: those gems that do come up for sale command good prices and sell smartly. The result is a somewhat dizzying range of house prices: something, it seems, for everyone. Within commuting distance of its new plant, Toyota will find houses selling for less than £20,000 ("bathroom needed; grants available"). From there, though, prices rise effortlessly to more than £500,000.

For that, you can buy a complete (if rather run-down) country estate with winding drive, walled gardens, stables and cottages such as Hopton Hall. "The bones of a great country house" was Knight Frank & Rutley's description of its "old-fashioned" (ie, unspoiled) charm. The seven-bedroomed hall – not counting the 10 further rooms on the second floor – sold within a week this summer for "substantially in excess of" its £500,000 guide price.

According to local agents, fears that villages may be be swamped, with prices rocketing again, should prove unfounded. However, they see the influx of industry as providing just the sort of boost neccessary to keep things on an even keel.

Derby's confidence is apparent in its homes market. Although this certainly is not as strong as it was, with prices no longer rising, it is faring better than neighbouring districts.

Peter Bruning oversees 31 Black Horse agency offices spread over the East Midlands and finds that turnover is staying "dramatically" above the levels for the Nottingham and Leicester catchment areas. He says: "Taking a three-year average, sales nationally are running at about 50 per cent. In Leicester, where prices are falling, they have shrunk to about 30 per cent. But the Derby area is still running at 65-70 per cent of norm."

Bagshaw Royal Life's Barry Pearson agrees. "Good properties priced sensibly sell, and sell well. Prices have not fallen – just expectations. No one has lost money by selling what they bought last year."

In Derby and its immediate suburbs, the homes' menu includes modernised two- and three-bed terraces (around £35,000); modern estate semis (£55,000); typical three-bed detached estate homes (£65,000); and modern four-bed ones (£80,000-plus).

Decent four/five-bed, two-bathroom executive houses fall in the £150-200,000 bracket but prices rise sharply for homes in the best suburbs such as Allestree, Mickleover and Littleover, while Georgian Quarndon and Duffield see prices almost at London levels, with houses at £300-400,000. Lang says: "In Quarndon, you can get terraced houses for £80,000 while, 2½ miles down the road in Derby itself, you can still buy for £25,000."

Incoming executives will find with pleasure that industrial Derby turns into bucolic Derbyshire with becoming speed. But they will look west and south, not east and north-east where the badlands of decayed mining villages and ribbon development leading to nearby Nottingham mar the landscape.

Head west and rolling farmland rises gently towards the limestone hills and dales of the Peak District. Ashbourne, a pretty country town at the gates of Dovedale, marks the western edge of Derby's halo of traditional commuter villages. The farming villages in the Ashbourne-Sudbury-Derby triangle range from the workaday to the picturesque – and so, too, do the houses. Inter- and post-war building, small new developments, and some smart architect-designed individual houses look out over open fields on the fringes of Ashbourne and Derby's outer suburbs. Village rows give way to stout stone farmhouses, mellow brick dower houses and country cottages.

For those in search of character, there is also the occasional beautiful conversion of barn or stable block. Bagshaws is selling one, just converted, on a farm at the small, unspoilt village of Boylestone. Number One Barn at Rectory Farm is now a roomy, four-bedroomed home priced at £185,000. Two barns in unconverted state in the popular village of Sutton on the Hill sold recently for more than their guide prices of £50-65,000 and £30-35,000 respectively. They will convert into a two-bedroom cottage and a three-bedroom courtyard house.

Prices rise quickly when there's enough land to qualify as paddocks. A low-built, white-walled, 18th century house in open countryside at Kirk Langley steps gently down a slope to form a little "granny cottage" as annexe to the main house. Its gardens and paddocks come to 1.5 acres and Bagshaws lists it at a £225,000.

Ashbourne substitutes the shops and amenities of a pretty spa town for rolling countryside and paddocks. Here, you can find a stately, six-bedroom, tall Georgian terraced house for £190,000 while a pretty roomy cottage dating from 1753 is on the market for £167,500.

More Georgiana lies just beyond Derby. Prudential's Prestige and Country Homes department is selling a Grade II-listed mansion, with a pretty Regency-Gothic facade, near Quarndon. It overlooks the National Trust's Kedleston estate and its grounds include a vegetable garden and an orchard. The asking price is a £475,000.

Twenty minutes' drive south-west from Derby brings you to the village of Etwall, a comfortable 1.5 miles from the main A38. Popular already, it is now in the limelight as one of the closest areas to the Toyota site up the road at Burnaston. At Etwall, Black Horse's Frank Innes is selling a pair of individually designed new houses, complete with such details as studies and conservatories (no doubt with executive buyers in mind), for £165,000 and £175,000.

The same sort of money will buy you a former farmhouse in the village centre, a rambly L-shaped building with an appealing jumble of roofscapes. A smart, double-fronted, Dutch-gabled facade in the main street conceals the beamed rooms of a five-bed, five-reception house which, says Innes, could be turned into two houses or perhaps used as a small hotel. Price: £260,000.

South again, Toyota's employees can search another fertile band of country: the villages strung out above the valleys of the Trent and Dove rivers. Here are Repton, with its famous public school, and Melbourne, with its ancient church. Westwards, past Stretton and the outskirts of Burton on Trent, lie such Staffordshire villages as Rolleston and Tutbury.

Anyone who fancies a longer commute has the beauties of the whole Peak District from which to choose (although the Sheffield and Manchester commuters begin to compete as you get further north). But among some of the country's most breathtaking scenery are found some splendid homes.

One such is an imaginative conversion of a former Methodist chapel at Wetton, eight miles from Ashbourne. This Hollywood-style home has superb views from its 30 x 25 ft sitting room and a guide price of £300,000-plus.

PROPERTY ADVERTISING ALSO APPEARS TODAY ON PAGE 5 of SECTION ONE

TRAVEL

Pushing out the boat in Ghana

Nicholas Haslam spends a nervous night fishing

GHANA'S COAST is studded with vivid reminders of West Africa's first contact with Europeans over 500 years ago. Bleached, lime-washed trading ports built by the British, Dutch and Portuguese still *dominate small coves and* inlets along the rocky coast.

In the villages around the forts live communities of the Fanti tribe. Tough, hard people, their forebears worked the surf-boats which carried thousands of terrified slaves from the hinterland of Africa out to waiting ships. Today, the Fantis are fishermen. In long dug-outs, powered by sails or outboard motor, they travel for hundreds of miles searching out new fishing grounds on the rich continental shelf off the coast.

Late last year, on a trip along the coast from Cote d'Ivoire to Ghana's capital, Accra, I arrived one evening in a crowded bush taxi at the fishing village of Dixcove. There had been no electricity in Dixcove for about 20 years, and stalls along the main street were lit with flickering oil lamps made from sardine tins. With a small boy as guide I set off down the street. We passed a simple church; looking in, I saw a group standing by the light of an oil lamp, singing hymns.

"Come in, brother, come in," urged a voice from the gloom. I went in and joined a grey-haired man in one of the back pews. "We are Methodists," he said. "Of what persuasion are you?" He was overjoyed to hear that I came from Cornwall, stronghold of the Methodist founder, John Wesley.

My new friend, Joshua M'mboah, accompanied me to the fort. He told me that he was a "boat father" and that he owned three fishing canoes which he leased out to fishermen in the village. I leapt at the chance when he asked if I wanted to go fishing. I had fished for whiting in a force seven off Plymouth and reckoned I could easily handle the warm, tranquil waters of the Bight of Benin.

At the village's trading fort, the caretaker's wife, whom everyone called Auntie Beatrice, issued me with an oil lamp and bucket and showed *me to a room overlooking the* central courtyard. A bare truckle bed and chair were the only furniture. At dawn, the courtyard echoed with the cry: "Nicholas, get up." Peering blearily from my window, I saw Joshua below with a stocky, muscular man by his side. As I joined them, Joshua said: "This is Kingsley. He doesn't speak English but he's going fishing today." Kingsley gave me a crushing handshake and we arranged to meet that afternoon.

Clutching water bottle and camera, I joined a crowd of people on the beach below the fort. Market women were haggling over last night's catch. I noticed, uneasily, that among the piles of fish was a large hammerhead shark. But there was no time for second thoughts. I heard a shout and there was Kingsley waving from a large dug-out.

The craft was about 25ft long and hollowed from one great tree. *There was no decking,* only six broad thwarts under which an immense net was stowed. I shook hands with Eric and John, the two crew members who looked as if they were about 14 years old, and then found a comfortable niche on the net.

With a roar, the large outboard started up and the canoe surged forward. In a few minutes, the coast had disappeared behind us in the orange-brown haze of the harmattan – a fog of fine dust blown down from the Sahara. John, the helmsman, motioned me aft where there was shelter from the spray as we forged into the gloom.

As we ploughed on, Eric told me his story in halting English. The three of them worked the boat for a percentage of the catch. Both net and engine were owned by separate "fathers," who each received a portion of the day's fishing. Petrol was the major expense, he said. The thirsty 25hp outboard consumed nearly 45 gallons of fuel per 18-hour trip. "Some days we don't make anything," he said, glumly.

At sundown, after 2½ hours and about 15 miles from the shore, Eric went forward and began preparing the net. Five hurricane lamps were lit to be attached to floats as the long net was paid out. Kingsley cut the engine and the dug-out drifted broadside-on to the long Atlantic swell.

With great agility, three of them balancing on the thwarts of the rolling canoe, they manhandled the end of the net into the sea. Kingsley managed to stand and, holding out his arms in the cruciform, said a short prayer. "To God?" I whispered to Eric. "Yes . . . and others," he replied, tersely.

Over the next three hours, the two-kilometre drift net was paid out slowly over the side. The flickering lights on the floats faded away in the harmattan as we pitched and wallowed in the long swell. Trying *desperately to focus* on the few stars visible, I struggled with wave upon wave of nausea.

Eric broke into my reverie. They had finished paying out the net and had cooked a piece of tuna over a small brazier in the bow. "Mastah," he said, "come, eat." Without so much as a word of response, and with pride thrown to the wind, I threw up silently up over the side.

I slept fitfully but was woken roughly by Eric. My foot was dangling over the side and splashed occasionally in the sea. "Move the foot," he said, "or the shark will take it." The fear of dismemberment is a marvellous cure for seasickness, and I slept well for the next two hours.

At about 1 am, the moon came up. The harmattan cleared and a mass of lights and the steady throbbing of a large diesel engine showed a cargo ship passing not far away. "Do canoes ever get run down?" I asked Eric. "Yes, but we *have lights,*" he said, pointing to the feeble, guttering hurricane lamp slung on the bow.

The long business of bringing in the net began, with Kingsley and John laboriously hauling the dripping mass of cordage into the canoe. It took an hour and we caught only one large sailfish and a few small tuna.

With the net stowed, we started the engine and headed back towards the coast. After an hour, Kingsley killed the engine and listened. Smells of wet forest and the sound of breaking surf meant that land was not far away. Once again, we bedded down on the thwarts. "Can't land at night," said Eric, "it's too dangerous."

At dawn, cramped and cold, we got under way and ran along the coast just beyond the line of heavy surf. Smaller canoes under tattered sails made of old sacking crossed our course on their way to the fishing grounds. Finally, the promontory came into sight and we *surfed past the fort* into Dixcove.

Joshua M'mboah was waiting for us and clambered on board as soon as the canoe grounded on the beach. "Not much of a catch," he said, looking at the sailfish and tuna lying in the bilge of the canoe. "Won't even pay for the fuel."

I said goodbye to the crew and slipped them about £3, or a week's wages. As I walked unsteadily up the beach, *Joshua told me that fishing* was bad this year. "But come again in July," he said. "That's when we catch plenty fish, and big sharks too."

I thanked him, but my mind was made up already. If ever I went fishing again, it would be from the end of a pier.

TRAVEL BUSINESS

London now a snip for tourists

Government figures will be published next week showing that, in the first half of this year, Britain will have lured a record number of overseas visitors to these shores: an achievement made all the more remarkable given that the comparable period last year was also a record.

Britain's success in selling itself overseas has been helped, so tourism chiefs believe, by the greater competitiveness of London as a tourist destination. A few years ago, London was regarded as one of the most expensive destinations in the world.

But a survey of 16 leading cities shows that London comes a modest 10th this year – down from seventh place last year – in terms of how much it costs tourists to holiday in those cities.

The survey, carried out by the British Tourist Authority, monitors a typical "basket" of goods and services for tourists covering hotels, catering, transport, entertainment and shopping.

The survey is weighted to reflect the average holidaymaker's spending during a five-night stay. Accommodation and food generally account for some 63 per cent of spending, shopping and services 25 per cent, entertainment 8 per cent and transport 4 per cent.

Tokyo, not surprisingly, again comes out as the most expensive of the cities monitored. Its typical costs for tourists are way ahead of second-placed New York and Stockholm in third spot. New York, in fact, has swapped places with Stockholm.

Fourth place this year is Sydney – up from ninth last year – *followed by* Copenhagen, Rome and Brussels. Toronto, in 12th place last year, is eighth this year – one ahead of Paris which this year celebrated the bicentenary of the French Revolution; usually such events push prices up sharply.

Although London ranked 10th this year, Edinburgh and Cardiff were rated 14th and 15th respectively. The survey shows that provincial British cities are generally some 15 per cent cheaper for tourists than London.

Madrid is still the cheapest tourist city among those surveyed.

* * * *

Holiday camps in Britain such as Butlins, Pontins, and Warners are enjoying what is probably their best summer since the hey-day of the *Hi-de-Hi!* holiday camps of the 1950s. Holiday camps - or holiday centres as they much prefer to be called - are fully booked this weekend, and have been all summer.

Warners is stocking up its 30 centres this weekend with enough groceries to keep an average town supplied for a week. It expects to serve its 45,000 visitors with, among other things, some 700,000 beefburgers and 500,000 ice-creams.

The renewed popularity of holiday centres has begun to attract interest in the City of London. A report from stockbrokers W.I. Carr points out that the leading operators are currently investing some £250m on upgrading accommodation and entertainment facilities.

Simon Hampton, the leisure analyst who wrote the report, suggests that public perception of holiday centres is still firmly rooted in the down-market holiday camps of the 1950s. "Were it not for the development of short holiday breaks, both in and out of season, then the centres would not have enjoyed such a boost to their numbers in recent years," *he says.*

Even so, he firmly believes that the industry has "optimistic prospects for the first half of the 1990s", and suggests that the smaller centres will be most popular.

David Churchill

Winter wonderland in summer

Angela Wigglesworth joins a cruise with a difference around Spitzbergen

WE MIGHT have guessed this was going to be no ordinary cruise when Lourens Reedijk met us at the airport in his green and blue striped woolly cap and duffle coat and introduced himself as our captain.

We were in Longyearbyen, the capital of Spitzbergen, an island the size of Scotland and only 800 miles from the North Pole. We were to spend 14 days cruising round its coast, not only seeing the sharp-peaked mountains of the fjords but also spending five hours a day exploring the land itself.

On board the Dutch-owned ship the captain, a prize-winning Soviet translator, gave us (14 Dutch and English passengers) our instructions.

We should look at the blackboard each morning for notices of events, not open port-holes, leave our boots on the top deck to help keep the ship clean, and close doors quietly as some of the crew slept during the day.

Each passenger would wash up, lay tables and serve meals once a week to help the crew, who were all unpaid volunteers working their passage because they wanted to be in the Arctic.

The ship was used originally as a base for polar research and its amenities were basic. The two- to six-berth cabins had no washing facilities and few had port-holes, although this can be an advantage when it comes to sleeping in a land where the sun never sets in the summer. There was one restaurant/lounge where the food was basic but adequate.

It was from this sturdy base that we set off each morning complete with life-jacket, camera, binoculars and picnic lunch, clambering down a rope ladder to the small wooden motor boat that took us ashore.

Spitzbergen is one of the mountainous islands of Svalbard that came under the sovereignty of Norway in 1920. It was first mentioned in the 12th century and rediscovered by a Dutch navigator, Willem Barents, in 1596.

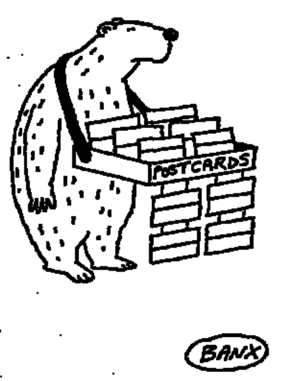
In the 17th and 18th centuries there was much whaling activity, particularly by the Dutch and English, and in the 19th century Russians and Norwegians hunted polar bears, foxes and seals. Now the bear is a protected species and coal mining is the main economic activity.

Each day, we would find ourselves with a new terrain to explore. We walked through deep snow, across wide marshlands and over rocks pockmarked with lichen and springy, bright green moss that came like a gift in this colour-starved tundra, as did the sudden splashes of pink saxifrage and yellow Arctic potentilla that grew wherever they could find a foothold.

We tramped across stony beaches alongside floating sea-ice, whipped into strange shapes, that cast a turquoise light on the water below. We lit fires on beaches with wood that had drifted down from Siberia, and we stopped in ramshackle wooden huts used by trappers where we found bunks, dry wood, matches and, sometimes, food.

We never did see a polar bear, although our guides always carried guns, but there were plenty of reindeer, Arctic foxes and seals. Once, 14 of the rare harbour seals swam in a bay just a few feet away, examining us curiously. Another day, we saw a walrus snorting. It had huge tusks; the photographers among us practically had their cameras down its great pink throat.

We saw birds in their millions, great colonies of little auks that made the air tremble with their flutterings, gulls and fulmars, kittiwakes wheeling round high, rocky cliffs, and arctic terns that dived on our heads and pinched our hats. We listened to the snow bunting, the only bird to sing on the island. There were geese, eider, puffins and long-tailed ducks bobbing on the glass-smooth water.



One day we took the small boat, dodging the glittering ice floes, up to the base of the July 14th Glacier (no one, it seems, knows how it got its name), the cavernous cliffs of which rise from the water in fantastic pillars. Later, we made our way over the base of the glacier's moon-like landscape, crunching icicles underfoot on the stones. "Don't go on the snow," warned our guide, "there could be crevasses." We climbed up, single file, over the rocks and loose scree until it was too dangerous to go any further without ropes, and then threw stones into crevasses 50 ft deep.

Many of the flat plains alongside the beaches had been home to whaling communities, although only circular stone blubber-ovens and the rough-hewn graves of the whalers now remain. Rusting oil drums and broken pottery are all that are left of an abortive Swedish balloon attempt to reach the North Pole in 1897.

One evening, the captain slowed the ship and edged silently up to a plateau of snow that stretched as far as the eye could see. The crew were lowering one of the boats. What was happening?

The ladder was thrown over and some of us climbed down onto the ice just a few feet away where snowballs already were flying through the air, tossed by exuberant crew members who had skimmed down ropes to get there first. This was fantasy: a snowball fight at night under a blue sunlit sky on pack-ice that stretched for ever. Afterwards we drank hot chocolate, took ice out of our pockets and dried our cameras.

The Soviets, disappointingly, refused us permission to land at the mining community of Barentsburg, but we did berth at Colesbukta, an eerie, deserted Soviet mining settlement with a crazily lopsided jetty and derelict houses with books and boots strewn over the floors.

On the grass hills above them, we found beautiful flowers: the creamy Svalbard poppy, Arctic buttercups, bell flower, pink saxifrage and the minute 50-year-old Arctic birch, just a few centimetres high. A reindeer stood between the goal posts on a football pitch.

It was strange to be back in Longyearbyen, with its houses and people, shops, museum, although only dusty cars. For 14 days, except for a stop at a small settlement for polar research, we had seen none of these things. The Dutch and English passengers (ages from 36 to 64), captain and crew had mingled companionably and the brilliant Dutch naturalist guide, Kees Camphuysen, had shown us things we would probably never have noticed.

It had been a memorable voyage. Some English passengers wanted more luxury for their money but most agreed with Jan, a Dutch consultant, who said: "On a luxury cruise, you'd never get to some of the places we've been to. And I liked the atmosphere on board so much, especially having duties and sharing life with the crew."

■ I travelled c/o Arctic Experience, 29 Nork Way, Banstead, Surrey SM7 1PB. The 16-day cruise, including two nights in Oslo, cost £2,156. One-week cruises also available. But the last trip this year leaves tomorrow.

A Touch of Class

Ulster's perfect escape

DRESSED like a penguin, I watched a shimmering harvest moon rise from the Irish Sea and wobble in the sultry air, writes Michael Thompson-Noel. It was approximately midnight.

I do not often wear evening dress, but on this occasion it had been worth it — a visit to the midsummer Castle Ward opera festival in the grounds of Castle Ward House, formerly the seat of the earls of Bangor but now a National Trust property in County Down, Northern Ireland.

The festival is a mini-Glyndebourne; this year was its fifth season. Guests wear formal dress and enjoy their own picnics during a langorous interval. It had been a splendid evening, with magnificent food served by a butler, thanks to the fact that I was part of a small group staying at Glassdrumman Lodge, an excellent country house hotel half-an-hour's drive from Castle Ward, or an hour from Belfast airport.

Glassdrumman Lodge had put together a special opera package costing £135 per person, for which you got opera tickets, a champagne picnic hamper, butler, two nights' accommodation (and dinner on the second night) in one of Glassdrumman's three restaurants. All the food served there comes from Glassdrumman's own farm.

Whether you would *want* to visit Northern Ireland for a holiday is rather up to you, although I doubt if the statistics reveal it to be any more dangerous for tourists than, say, London. Probably the reverse. And a deal sight less noxious, crowded and filthy.

As Tim Burt has reported (*Weekend FT*, July 22), Ulster has a lot of charm. In any case, if you were in Belfast on business I doubt that you could find a better weekend escape than Glassdrumman, which is located at the spot where the Mountains of Mourne really do "sweep down to the sea" and is, thus, a first-rate choice for weekend house parties.

It opened in August 1987. The idea of its proprietors, Graeme and Joan Hall, was to create a country house hotel where the service was so discreet that you actually began to believe in the little people. As a result, James the butler appears as if from nowhere to clear away your empty plate; every time you leave your room, discarded clothes are tidied away silently and the soap changed by the maid. It sounds a bit twee, but it's ever so restful.

As a result of all this, Glassdrumman Lodge gained an entry in the 1989 *Good Hotel Guide*, the first time for a number of years that a Northern Ireland hotel has been accepted by the guide. There are plenty of good golf courses nearby, including Royal County Down. If you want to take a turn on the farm, you are welcome to milk the cow or churn the butter.

Present prices, including breakfast, are £55-£65 double, £45 single. Details: Sue Douglas (tel. 03967-68585).

BOOKS

***Zara Steiner** gives her assessment of a batch of works timed to coincide with the 50th anniversary of the outbreak of the Second World War*

Invitation to visit old killing fields

SECOND WORLD WAR
by Martin Gilbert
Weidenfeld & Nicolson £18.95, 886 pages

TOTAL WAR: THE CAUSES AND COURSES OF THE SECOND WORLD WAR
by Peter Calvocoressi, Guy Wint and John Pritchard
Viking (revised second edition) £25.00, 1315 pages

HOW WAR CAME
by Donald Cameron Watt
Heinemann £25.00, 735 pages

STRUGGLE FOR SURVIVAL: THE HISTORY OF THE SECOND WORLD WAR
by R.A.C. Parker
Oxford £14.95, 328 pages

AUGUST '39: THE LAST FOUR WEEKS OF PEACE IN EUROPE
by Stephen Howarth
John Curtis/Hodder & Stoughton £15.00, 256 pages

CERTAIN anniversaries are difficult to celebrate. There are those among the living who do remember the events of the Second World War. They have been followed by generations for whom that cataclysm is a remote event in some dusty museum of the indefinite past.

How are those writing today to remove the gap of amnesia which separates us from 1939-1945? How are they to persuade us of the sheer atrocity of that war which brought to Europe and Asia a barbarism unknown since the Thirty Years' War?

What distinguished the Second World War in Europe from previous modern conflicts was the inclusion among its victims of those whose only crime had been to be hounded into statelessness and whose only irreparable fault was to have been born gypsies or Jews.

In the Pacific, it was not only Japanese ferocity which made that conflict unique, it was the decision to drop two atomic bombs.

It is Martin Gilbert's intention to recall this suffering and horror. His detailed account interweaves military history with the announcement of Hitler's extermination of the Jews. In his exploration of events in Europe and the Pacific, he brings to bear the knowledge he has gathered from his studies of Churchill and the Holocaust and his unique sense of the geography of the war.

Gilbert can refer with authority to the numerous instances when Churchill shared high-level decoded Ultra information with Stalin. His figures on those who died in the Nazi death camps and his record of Nazi and Japanese atrocities are chilling. Nor is he unaware that crimes against humanity were not restricted to the Axis powers.

If Gilbert's purpose was to record the human cost of the war he has succeeded. He has provided a story of heroism and suffering. But the reader seeking explanation must look elsewhere.

We know when, where, and how but not why. There are no diagnoses and, as a result, no grounds for judgment. As in his previous books, Gilbert appears in *Second World War* to prefer the role of chronicler to that of historian.

And yet, he is not just a purveyor of information. Through the very selection of evidence and the form of presentation, he intends to create a particular picture and invoke a specific reaction. The result is one-dimensional history, a massively detailed picture of war, horrifying in its impact, but ultimately of limited utility.

It is because it tackles the problem of explanation that the new revised edition of *Total War* remains such a crucial account. The book has been brought up to date in the light of the latest research, with new maps and pictures, and, for the Far Eastern war at least, a much enlarged bibliography.

Peter Calvocoressi, the author of the European sections, has included a new introduction and has supplemented chapters with specific references to Ultra material (Calvocoressi worked at Bletchley Park during the war on the deciphering of encoded radio traffic). He reconsiders such vexed questions as appeasement, the consequences of delaying the second front, and the ethics of repatriating Soviet citizens who fought for the Germans.

It is, however, the second half of the book (a separate volume in the Penguin paperback edition published next Thursday) on the Greater East Asia and Pacific conflict, which has been totally re-written by an impressive young historian, John Pritchard. Few of the original chapters by the late Guy Wint, those on India and Burma are the exceptions, remain untouched. Pritchard has added a whole new dimension to our understanding of the Japanese internal situation and the international environment in which its leaders operated.

Rather than see the chief "incidents" of the 1930s as separate crises, he judges them to be part of a single continuum producing a change and deterioration in the fabric of Japanese society. Drawing on his extensive knowledge of the Japanese war trial records and his own work in the archives, Pritchard takes a highly original view of British policy towards Japan in 1939 and a strong revisionist line on 1941.

He also brings out the significance of Soviet activities in northern Asia, adding yet another twist to the Japanese story. There are distinct differences in the book between the methods, focus and tone of Pritchard and Wint (and Calvocoressi) and transitions are not always smooth. These generational differences are fascinating in themselves and very much to the reader's advantage. This remains a key work.

Readers seeking a short, synoptic account of the Second World War will find that R.A.C. Parker in his *Struggle for Survival: The History of the Second World War* covers the causes, key campaigns and consequences of the conflict in fresh and vigorous prose. The strategies of the belligerents are analysed, the number of combatants counted, the weapons of war identified and the uses of intelligence made clear.

Parker's separate chapters on the economies at war, strategic bombing and morale all underline his central point that neither Nazi Germany nor Japan could match the forces mobilised against them. It was a war won not by the heroism of one side as against that of another, nor, alas, by the moral rightness of the cause, but by superior resources and the capacity to marshal them against the enemy.

Parker is neither a bland nor neutral commentator. He has strong views on the defeat of France. He is insistent on the uselessness and inhumanity of the strategic bombing campaign.

Donald Cameron Watt's *How War Came: The Immediate Origins of the Second World War 1938-1939* is a distillation of over 20 years of work by one of the most original of our diplomatic historians. His book will, I believe, supersede previous studies of the complex diplomatic events of 1939.

Watt shows, particularly in the last dramatic chapters, where farce and tragedy are combined in about equal proportions, that diplomatic history need not inevitably be dull. There are only a few places where the details escape his control and engulf the reader. Even the complexities of Balkan politics and the difficult and fruitless manoeuvrings of the British and French to build a Balkan front are described in ways which try to discern form and logic amid chaotic, unstatesmanlike acrobatics.

Scanning the pages of history: Londoners read about Hitler's invasion of Poland in 1939

What is finest about this book is that it puts the responsibility for the outbreak of the war firmly where it belongs, on Adolf Hitler. Watt has a good deal to say about Neville Chamberlain's inadequacies and subsequent isolation even from his ever changeable Foreign Secretary. He places the "peace overtures" of Goering in their proper context and the Goering-Ribbentrop quarrel in its secondary setting.

This account is supported by recent work in the Soviet Union where the secret protocols of the Nazi-Soviet pact are now at last being excavated. But in the end, as Watt concludes: "What is extraordinary is that Hitler's will for war was able to overcome the reluctance with which virtually everybody else approached it."

Beyond any doubt this was Adolf Hitler's war. A.J.P. Taylor's *Origins of the Second World War* seems now a mischievous eccentricity. We know far more about the "misconceptions, misinformations and misunderstandings" which led to the outbreak of war. We still know relatively little about that transformation in British thinking in places remote from the centres of power, which led this country to fight in 1939 willingly and without being attacked.

This requires something more ambitious and ordered than Stephen Howarth's *August 1939: The Last Four Weeks of Peace* which attempts to give a sense of the climate of opinion through a daily chronicle of the last month of peace by reconstructing the thoughts and actions of those in high European places and, with less success, by referring to a few of the unknown people going about their normal lives.

We have the historical tools for the study of decision-making in the corridors of power; to chart the shifts in public mood and the inter-action between leaders and led requires historical talents of a rare dimension. There is still room for yet another book on war origins. The popularly determined decision in Britain of September 3, 1939, remains one of the few positive legacies of a war distinguished, above all, by the defeat of long-held hopes of human progress.

OTHER VOLUMES published for the 50th anniversary of the conflict include:

□ **THE SECOND WORLD WAR** by John Keegan (Hutchinson £19.95, 607 pages). Leading military historian sees the war in the larger perspective of the rampant militarisation which spread throughout the 19th century and the early 20th century in Europe. He divides his account into phases, each dominated by a particular military or political figure — Hitler, Tojo, Churchill, Stalin and Roosevelt. His lucid approach is strong on strategy.

□ **THE ROAD TO WAR** by Richard Overy with Andrew Wheatcroft (Macmillan/BBC Books £15.95, 364 pages). A well-researched companion volume to the eight-part BBC2 television series starting on September 5, it may be read in its own right. A chapter on each of the countries at war identifies its problems and attitudes.

□ **THE GREAT CRUSADE** by H.P. Willmott (Michael Joseph £17.95, 500 pages). A more conventional approach, from Versailles to Hiroshima, by a lecturer at Sandhurst who has an impressive and incisive grasp of the overall strategies.

□ **WORLD WAR II** by Ivor Matanle (Hutchinson £24.95, 400 pages). Bumper pictorial account. The heirs of Monty, Ike and Rommel each contribute a foreword (presented in such a way as to make you think at first glance that it is their fathers who are writing from beyond the grave).

□ **ENCYCLOPEDIA OF THE SECOND WORLD WAR** by Bryan Perrett and Ian Hogg (Longman £19.95, 448 pages). A-to-Z in which entries are backed by pictures and drawings. "Churchill — A22 Infantry Tank Mark IV (UK)" gets equivalent space to "Churchill, Winston Leonard Spencer". Ministers such as Lord Woolton are included here: "In April 1940 he transferred to the Ministry of Food where he organised strict but fair rationing" . . . as do the compilers of this volume.

□ **THE WORLD AT ARMS** (Reader's Digest £16.95, 480 pages). An illustrated history laid out with a wealth of photographs, maps, diagrams, insets and clichés. For the browser.

□ **WE'LL MEET AGAIN** by Vera Lynn (Sidgwick & Jackson £14.95, 192 pages). A pictorial trek back to wartime entertainment, the world of Ensa, with the evergreen *chanteuse*.

□ **MORE POEMS OF THE SECOND WORLD WAR** edited by Victor Selwyn (Dent £16.95, £5.95 paperback, 388 pages). Another selection from the Salamander Oasis Trust showing the richness of poetic effort at all levels during the war.

□ **WORLD WAR II CHRONOLOGICAL ATLAS** by Charles Messenger (Bloomsbury £19.95, 255 pages). A useful mapping of the different phases of the struggle, linked by a continuous, chronological narrative. The latter is often necessarily oversimplified but underlines all the main events.

□ **HOW IT WAS IN THE WAR** edited by Godfrey Smith (Pavilion £15.95, 317 pages). Evocative anthology of wartime writings from the home front and service overseas.

□ **CHILDREN AT WAR** edited by Patricia Williams (BBC Books £3.95 paperback, 48 pages). Designed to accompany a coming television series *Landmarks* and radio series *Lost and Found*, this book contains accounts by people who survived childhoods spent in wartime Warsaw, Hiroshima, and Wesseling on the Rhine.

Fiction

Falling far below heroic proportions

LEWIS PERCY
by Anita Brookner
Jonathan Cape £11.95, 261 pages

"THE MIXTURE as before?" someone asked, seeing me reading the new Anita Brookner. One can be addicted to this author's special brand of highly intellectual anti-romantic antidote and still see the justice of this off-the-cuff analysis. She has repeatedly used the formula of the innocent but knowing heroine, programmed for solitude and disappointment, inert but morally active, and finally trounced by those individuals who are more selfish, more life-grabbing, more vital and, in a sense, more *real*. It has not just been a question of innocence versus experience, but rather innocence versus the bludgeoning of unstoppable brilliant selfishness. Not for nothing does Brookner see Henry James as the master.

In the course of ringing the changes on this theme, Brookner has produced at least two well-nigh perfect novels: *Hotel Du Lac* was rightly hailed as a small masterpiece, and *A Friend from England* refines her themes even further, and even places the heroine more centrally as an active moral participant who gets wrong but her own sense of her positioning in the lives of others and, as a result, her attempt to influence her selfish friend Heather's behaviour.

Until now all her books have displayed a fine sense of milieu, both social and topographical. Her characters usually live in minutely and exactly observed, slightly outdated, middle-class comfort, somewhere between St John's Wood and Fulham (she is particularly good on the bleak declassé luxury just north of Selfridges). Every detail of interior design pins some character down, from the terrible cold, shiny blue of Heather's disastrous marital bedroom to Edith Hope's Swiss hotel bedroom which is "the colour of over-cooked veal".

This kind of utter exactitude in locating character through décor is matched by her beady infallibility with physical characteristics: Edith Hope's cardigan is not only a key to her character, but also plays an important subsidiary role in her relationship with the glamorous Mr Neville. Lewis Percy's initially glamorous mother-in-law looks "like a woman invisibly accompanied by a man".

Together with these incidental felicities, the novels are written in a prose so lucid and limpid that one reads as if hypnotised. Brookner is the ultimate stylist: intelligent, informed, exact and unflustered. So far, in her previous novels this has been nothing but commendable. But in *Lewis Percy* she seems to have gone a little off course. For once, instead of the narrative exactitude and moral insights being seamlessly bound together, there seems to be a basic dislocation between the story and the mode. This may have something to do with the fact that, for the first time, she takes a man (previously seen only as either out of bounds, threatening, disastrous or ineffectual) as her central figure.

Lewis Percy is a well-meaning librarian, working on a thesis on the concept of heroism in the 19th century novel ("The Hero as Archetype"). In spite of his avowed devotion to women, this, his sentimental education, is a gloomy affair. His beloved mother dies, without his having noticed that she was ill.

He meets and marries Tissy, a kind of unawakened child-woman (who, in the previous novels might have been the central character) whom he pities, but fails either to satisfy or be satisfied by, in any sense. He falls in love with overpowering Emmy, whom he also fails. Tissy leaves him and gives birth to their daughter, to whom he proceeds to devote his life.

Tissy becomes a feminist (an event that provokes some heavy-handed humour unworthy of this author here). The resolution is so creaking that one is hard put to it to believe that this is indeed Anita Brookner writing. Saved from the computerisation of his beloved library by a *deus ex machina* offer of a job in America, he departs, and, in the very final sentence, Emmy joins him.

This is all very curious. Here we have Brookner, sometimes at the height of her powers, dealing with ideas of responsibility, love and heroism: "This thought raised certain fascinating speculations about what constituted heroic behaviour in those who lived in the real world and were not bound — or protected — by the conventions of literature. . ." Heroism in small lives, how to behave well, whether it even *matters* if one behaves well or not — all these questions are part of what Brookner has always been asking.

Here Lewis observes that "great deeds were not always undertaken virtuously, nor were great loves blamelessly consummated". But we also have a creaking construction, an absence of flow, as if the text has been laid aside and picked up again much later, as when one takes up a piece of knitting after many months and finds that one's new tension is wrong. This is true not only within the novel but also of the novel itself as part of the whole Brookner oeuvre: something is awry.

This is not to say that many of the usual Brookner treats are not there. One notices, again, her use of water as a compelling image, an objective correlative, an opener of psychic secrets: like the lake in *Hotel Du Lac*, like the tough self-assured Rachel's fear of water, any water, in *A Friend from England*, it is a lake which concentrates Lewis Percy's mind into honesty. But Lewis Percy never comes to life. As a mouthpiece for ideas, he does well enough, as a walker through the usual grey London streets of Brookner's vision; he does well enough, but as a hero, he is a wash-out. Maybe that is the point.

Mary Hope

Short — and sweet

***Anthony Curtis** on masters of a neglected genre*

THE SHORT STORY flourished during the Second World War. Why cannot it flourish again now? There are signs that it might if writers had their way. Many of our best novelists would love to write more short stories if only the game were worth the candle.

In spite of the dislike of publishers for the form, there are a few good writers whose main imaginative effort over many years has gone into collections of short stories; Roald Dahl, whose *Ah, Sweet Mystery of Life* (Michael Joseph, £11.95) will be published on September 5, is one; and V.S. Pritchett, whose new collection, *The Careless Widow and Other Stories* (Chatto & Windus, £12.95) was published this week, is another.

Here are two veteran short-story virtuosos at their best. Dahl's book collects tales of his with a rural and village setting. He is in the O. Henry mode, firmly buttonholing the reader, not allowing him to escape until the often earthy anecdote has been concluded with a resounding full stop.

By contrast, Pritchett belongs to the open-ended tradition. He prefers to leave the reader thirsting for more, but conscious that some kind of irrevocable change has occurred in the life of the man or woman the story discloses.

Pritchett published his earliest stories in the 1930s, and it is as the portrayer of pre-war Britain that he excels. He takes us down a remote branch line of the national consciousness to the branch office where we met the typical branch manager. Pritchett describes with tender and wry authority the problems this man has with his work, his golf swing, his roses, his wife, his daughter, his mistress.

All the stories which make up the new volume have this timeless local particularity. Each concentrates on a single person and Pritchett is just as much at ease working within the female mind as the male. "Cocky Olly" is a delightful portrait of a strictly brought-up pre-war schoolgirl encountering a family of Bloomsbury-like eccentrics; while "A Change of Policy" traces the path by which a woman becomes indissolubly bonded to the brain-damaged wife of her dead lover. A book to have on one's shelves in hardback.

Pritchett was most widely read as a story-writer during the war when his stories used to appear in John Lehmann's *Penguin New Writing*. His work nostalgically reminded readers serving in the forces of the world they had left behind. Some of those readers were also writers who in turn found in the realities of service life ample material for stories. Roald Dahl, serving in the RAF, had never written a story before. He wrote what he thought was a draft of a story but it found its way unaltered into the *New Yorker*.

In 1940 2nd Lieutenant Woodrow Wyatt was, from his posting at Dover, also much preoccupied with the short story while ducking shells the Germans were lobbing over the Channel. He had persuaded Collins to publish an annual collection, *English Story*, and was busy correcting the proofs of the first volume.

Now Lord Wyatt looks back over the complete file from 1941 to 1950 and offers a representative selection, *The Way We Lived Then: The English Story in the 1940s* (Collins, £11.95), which shows what a wealth of story-writing talent was around in those days.

Elizabeth Bowen is here at her poignant best in "Songs My Father Sang Me" where a woman remembers without bitterness how one day her father left her and the car for good in the midst of the Downs, and Angus Wilson is at his most merciless and compelling in "A Little Companion". Alongside them are the servicemen story-writers, famous ones like Alun Lewis and J. Maclaren-Ross, together with totally unknown ones, Charles Furbank (killed in action at 24) who sadly recalls a conversation in a bar in Madrid during the Spanish Civil War.

Many of the British women writers of the 1950s and 1960s cut their literary teeth writing short stories in the 1940s. The moods of those momentous years are richly evoked in Anne Boston's collection *Wave Me Goodbye: Stories of the Second World War*, originally published last year by Virago and now available in paperback from Penguin (£4.99), and containing work by Bainbridge, Lessing, Taylor, Townsend Warner, Pym and Manning among others, including a thoughtful introduction by Ms Boston.

Passage from India

THE GREAT INDIAN NOVEL
by Shashi Tharoor
Viking £12.95, 423 pages

IN THIS novel, Shashi Tharoor has attempted to bring the *Mahabharata* up to date. Cleverly, he denies any arrogance. Although readers may fear his work is not great nor worth much as a novel, he claims it owes its title to the Sanskrit — *Maha* is "great" and *Bharat* is "India." So, loosely, *Mahabharat* also means The Great Indian Story or novel.

Tharoor offers an entertaining account in the flimsy disguise of a novel of the frolics and foibles, the heroics and histrionics of modern Indian history from the First World War to near the present day. It is enjoyable on a superficial level and provides deeper meanings and, sometimes, insights into the complications of the modern life of a country trailing a great history behind it.

On the first page he challenges the view that India is an underdeveloped country. His narrator says: "If they would only read the *Mahabharata* and the *Ramayana*, study their Golden Ages of the Mauryas and the Guptas and even of those Muslim chaps, the Mughals, they would realise that India is not an underdeveloped country, but a highly developed one in an advanced state of decay."

The novel has its faults. Least important, Tharoor's British characters are ridiculously imperialist. He even christens one of his Englishmen Colonel Rudyard (as in Kipling). Mountbatten appears as Lord Drewpad, "tall, dapper, always elegantly dressed, he wore his lack of learning lightly, cultivating a casual patter that impressed anyone he spent less than five minutes with — which was almost everybody". He is married to a near nymphomaniac (Georgina) who couples vigorously with the blind Prime Minister of independent India, Dhritarashtra (Nehru), and produces a daughter.

The author loves punning. Sometimes it works brilliantly, but on other occasions Tharoor pursues his puns agonisingly and mercilessly. In his larger task of weaving the modern story into the ancient epic Tharoor fails. It is not his fault that India can no longer be simplified to a single extended ruling family. He slavishly follows modern history, and most of his characters are real-life figures normally wearing only the flimsy shift of a funny name as a disguise.

This leaves him the impossible task of deciding which politician or official represents which member of the Mahabharata family, probably only a Bengali would have surpassed Subhas Chandra Bose as the head of the modern Pandava dynasty (though Tharoor's doggerel dispatching Pandu — alias Bose — to Germany and then to Japan, complete with agonising puns, is a hilarious romp).

The last few pages represent a real *tour de force* only an Indian could write, about the deeper meanings of history, politics, life, dreams, illusions, reality. Sometimes it flirts with the facile, but it offers a fitting, thought-provoking conclusion.

Kevin Rafferty

Crime

THE ORDEAL OF PHILIP YALE DREW
by Richard Whittington-Egan
Penguin £4.99, 360 pages

DOGHOUSE
by Gerald Hammond
Macmillan £10.95, 190 pages

THE DEVIL IS DEAD
by Roy Lewis
Collins £10.95, 205 pages

BILLED AS a "real-life murder melodrama" and tricked out with chapter titles like "Curtain-raiser" and "Exeunt Omnes," *The Ordeal of Philip Yale Drew* has little to say about the unsolved, sadly commonplace murder of a Reading shopkeeper in 1929 that sets the book in motion. It is really about the prime suspect, a down-on-his-luck, alcoholic actor named Philip Yale Drew, who was never brought properly to trial but was tried savagely by the press during the coroner's inquest.

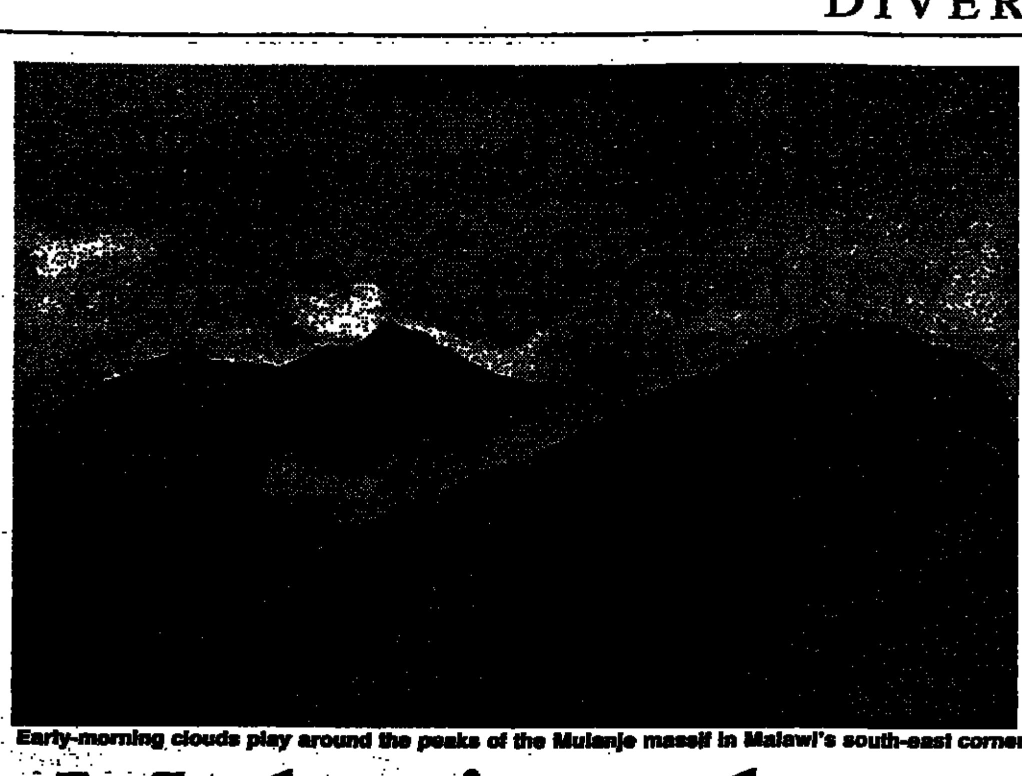
Although Richard Whittington-Egan's fondness for repetition and his outrageously overwrought purple prose make the book far too long and, at times, tedious, his considerable research and evident grasp of the seedy world of itinerant players 50 or more years ago create a certain interest: not so much in poor Drew as in his background and in the processes of justice (or, perhaps in this case, injustice).

In *Doghouse* there is good terse adventure with Gerald Hammond's retired army officer John Cunningham, who now has turned to breeding and training springer spaniels. A hint of anti-Labrador prejudice might briefly offend a deep-dyed Lab-lover (like this reviewer), but even the spaniel-fanatic Cunningham succumbs to the charm of the Lab puppy cleverly introduced into the story. There is some fine scene-painting (the setting is Scotland), keen and varied characterisation, and credible plot, worked out with praiseworthy verbal economy.

Roy Lewis's recurrent protagonist, the unassuming but engaging Arnold Landon, who manages — sometimes with difficulty — to combine his regular work as a planning officer and his hobby as a student of medieval architecture, is handed several problem cases in *The Devil is Dead*. One concerns some gypsies occupying a rural common; another focuses on a diabolical sect; and there is also a tale of perverse scholarship.

This book does not have the magic and wonder of some of Landon's previous adventures (for one thing, there seems to be less about architecture, which always inspires Lewis's best writing); but still it is a good story, infused with human compassion.

William Weaver



Early-morning clouds play around the peaks of the Mulanje massif in Malawi's south-east corner

Mulanje, where leopards lurk

***Simon Vail** concludes his African climbing exploits with a visit to Malawi*

I SHIVERED when I saw the leopard's paw-mark. We were tramping along a dried-up old stream bed. I was dreaming of a large glass of cold water to beat off the hot rays of the sun. My hat flopped about my face. But the sculpted print set in the mud brought me up with a jump.

Everyone said leopards were very rare on Mount Mulanje. All around was a mass of broken rocks, ravines and overhanging ledges, perfect cover for large cats looking for lunch. I decided that my sweaty shirt and matted hair would be enough to discourage any wild beasts and slogged up on the path to Sapitwa, the highest point in the Mulanje massif.

On either side, grey stone peaks rose from a rolling plateau, split by hidden river valleys falling away into dark shadows. The early morning sun fought off the white wisps of cloud that played around the mountain tops, and blew them away.

I had wanted to climb this mountain ever since reading Sir Laurens van der Post's *Venture to the Interior*. I arrived at Likabula, a forest station in the western foothills, after catching a bus and hitching lifts from Blantyre, Malawi's second city.

Mulanje is tucked into the south-eastern corner of Malawi, very close to Mozambique. The road is perfectly good, but only a single strip of tar in places. Malawian drivers race towards each other to see whose nerve will break first. Buses are big, so they stay on the tar and never mind anyone else.

The Forestry Department office was packed with desks, officials, and piles of mouldy files in forgotten corners. A rainstorm thundered onto the corrugated iron roof, making conversation impossible. An official shouted into the telephone, in vain, before writing out a triplicate receipt allowing me to stay in Forestry Department rest houses on the mountain.

I had the whole Likabula rest house to myself, and a cook who produced an extraordinary dish from my meagre rice and sardines. He asked if I wished hot water for bathing, and attended to the wood fire and iron stove.

My guide arrived early next morning and we set off for Chambe camp up an endless series of steps, cut into the side of the Likabula valley. The mountain was as mysterious as I had imagined. I came with no expectations, but found traces of the vanished Nyasaland which van der Post describes.

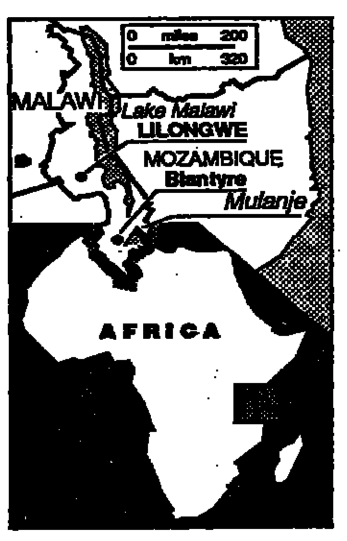
At Chambe there was an old, white-washed forester's hut, roofed with cedar shingles. It stood behind a neatly-clipped hedge, the veranda gazing sightlessly over the plains below. The rooms were stacked with firewood. Nobody lived there any more. Nowadays, said my guide, the forester stayed at the foot of the mountain at Likabula, from where he could drive into town.

Forestry paths link huts and peaks on the mountain but climbing is not as easy as it might seem as cloud can whip down in minutes, wiping out all points of reference. As I trudged on up to Sapitwa, I knew it would be easy to get lost.

Sapitwa seemed deceptively close but turned out to be a six-hour hike from Chambe hut. Paths twist and turn between gnarled tree roots, and the track is always broken-up by stones and rocks of every shape and size. I puffed and panted behind my nimble guide.

He floated over boulders and whisked up steep slopes. I lumbered along in my mountain boots while he waited, balancing at precarious angles in car tyre sandals. He would smile as I hesitated painfully before leaping between boulders, and would refuse the gulps of water I took at every stream.

We saw no other visitors, only forestry workers also walking the paths at great speed. One group, cutting down cedar trees and sawing them into 18 ft planks by hand,



said the wood was for a new stadium in Blantyre.

The newly-felled logs were heaved onto a rough wooden platform and cut laboriously into planks. One man balanced on the top of the trunk, pulling a 12 ft toothed blade up through the wood. His partner crouched underneath the log and pulled the blade down, covering himself in dust with every heave. They had been told to produce 400 planks. My guide thought nothing of this labour, nor could he see any reason to linger among a few old cedar trees.

The cedar forest was very beautiful, the tree trunks massive and the upper branches covered in moss-like lichen, turning the light into a cool green. We crossed a watershed, and began a slow climb up the other side. The ground flattened into an undulating plateau and the path became easier to follow. We rested by a trickling stream, refilling water bottles.

I felt better now, sure that I could see Sapitwa. But I was mistaken – it was the next peak, not the one immediately above me. Abruptly, my guide left the path and rocketed up a steep slope. He was following a red-painted arrow. I was a little taken aback. Somebody had painted the way to Sapitwa. This was not on. I was supposed to be exploring a dangerous mountain surrounded by marauding leopards, not following sign-posts.

I considered asking the guide to take me via the tough route but, as the slope grew steeper and steeper, I thought better of it. The arrows snaked along narrow ledges and vanished into little holes in the rock. I squirmed after them, cursing bruised shins and cut hands. I was beginning to weaken. I liked the ground under my feet, firmly, not this mass of treacherous rock falling away in all directions.

It began to get very hot. Nimble-toes ran up another impossible slope and sat down to rest above a horribly smooth rock face. I could feel the arrow-painter having a little laugh as well. There was nothing for it but hands and knees, grasping feverishly at tussocks of grass that grew out of cracks in the rock.

At the summit, 9,340 ft (2,852 metres), we ate peanuts and biscuits and watched thick cloud come racing up the slopes towards us, blotting out the miles of views across Mozambique and the green carpet plains of Malawi. Landmark peaks disappeared. Faraway rivers and waterfalls that had looked silvery in the sunlight faded away. I began to feel that Sapitwa's phantom arrow-painter had done me a good turn.

As we began to pick our way down in the white cloud, the rocks grew slippery. Even the guide took his time before leaping between boulders. My knees began a three-hour protest, telling me I was not built like a rock rabbit and should not have attempted anything quite so hazardous.

We tramped on back, passing the same forest workers – who were quite unimpressed by the conquest of Sapitwa – and spent the night at Chambe hut, where I recovered slowly after gallons of tea. The hut was warm and dry and looked-after by an attendant, who lit a welcome fire in the evening. It grew cold at night. A yellow moon lit up the enormous cliff face of Chambe peak, a challenge for serious climbers, not walkers like me.

Next morning I returned to look down the Thuchilla valley, a great scoop of earth cut out from the side of the mountain. I also wanted to watch the early-morning sunlight catch Sapitwa and the carved hillsides of the massif before they disappeared in cloud.

We returned to Likabula, standing aside to let a straining man carry 18 ft cedar planks down the mountain. He balanced two of them on his head and tottered down the foot-high steps. Such servitude reduced the scale of my own adventure. To this man, leopards were all in day's work and van der Post's book a different universe altogether.

■ How to get there. From Lilongwe, Malawi's capital, take an express bus to Blantyre, or fly. Local buses travel to Mulanje, from you where you need to backtrack a couple of miles to the turn-off to Likabula Forestry Office. You need permits to stay in the rest houses on the mountain. Take your own provisions. The Mountain Club of Malawi (Box 240, Blantyre), organises meets on the mountain.

The greenhouse effect

***Robin Lane Fox** offers some shady advice*

A HOT SUMMER puts the heat on owners of greenhouses. It used to be hard enough for the working man; but now that so many of us are working men, women and part-time householders, there is nobody to adjust the ventilation, hose down the floor at tea-time and check for too much light.

Greenhouses used to give a rhythm to the domestic day. Now, they are part of the bad office conscience. Did you remember to shade the roof before commuting? How are you going to survive the Tube, do the watering, check for whitefly and still contrive to have a social life in which the sight of house-plants and the taste of fresh tomatoes do not afflict you with guilt?

Shading, at least, can be managed in your absence.

There is no need to fiddle around with drapes of green netting inside the greenhouse, or to wonder if you ought to instal automatic blinds. The part-timer's answer has always been to paint the glass with an opaque wash.

I know these are not very handsome and that owners of conservatories will not contemplate them. However, the best of them are much more efficient than the old brands, and there is no force in the complaints of serious orchid-growers that washes probably will fail to block out infra-red radiation.

Two of them are highly efficient. On the cold frames we have been using Coolglass, which is made by PBI and sold in most garden centres; for £1.43, you can cover about 120 sq ft of glass. Last year we switched over to Varishade, which is about three times more expensive (a bottle costs £8.20 and covers 240 sq ft) but it has a particular virtue.

A good wash should not only exclude infra-red light and keep down the temperature. On a dull day, it must also let in enough light for the plants to continue to grow. On dull days, Varishade is transparent: it can be ordered from ICP, Bray Road Industrial Estate, Guernsey.

Either of these washes comes off easily in the autumn. All you need is some soapy water and you can wipe them away without bother. Coolglass will even come off on a dry towel. And removal is a satisfying job, like a good autumn bonfire.

So much for the problem of sunlight: what about air? Most greenhouses are under-equipped with ventilation, probably because the owners are expected to leave the door open on a hot day before going to work. But open doors invite trouble from visiting cats which will scuffle the seedlings, sit on the staging and spoil the house plants. They need to be blocked out with netting, but you might prefer to add an extra window vent to the roof instead.

The purist rule of thumb is that a fifth of the roof span of the greenhouse should be vents or windows. Might I recommend the newish automatic window-openers which adjust themselves without you and ventilate the house as it rises above a pre-set temperature. When the air cools, they close again. Either Bayliss Auto Vent (at £22.56) or Halls.

Nature v. geometry

***Arthur Hellyer** explores two Irish havens*

WHILE VISITING gardens in southern Ireland earlier this month I was intrigued to note that both Mount Usher, near Wicklow, and Annesgrove at Castletownroche, County Cork, were described as "Robinsonian". They are so very different that I began to ponder what they had in common and how this could be attributed to William Robinson, that great late-Victorian horticultural editor and writer who disliked many of the plants for which they are renowned.

He had, for example, rather a low opinion of rhododendrons, in which Annesgrove is especially rich, and he considered that the hardy native plants of the northern hemisphere were far more suitable for British gardens than those of the southern hemisphere which had evolved in totally different conditions. Yet, both Mount Usher and Annesgrove would lose much of their distinctive character were they deprived of their Australasian, South American and South African content.

What the makers of both gardens shared with Robinson was a preference for nature over geometry as a guide to garden planning. But Alexander Pope was saying this two centuries before Robinson, and we have been struggling ever since to give it sensible expression.

Mount Usher is about as civilised as a garden can be and yet still claim to be natural. It is a lovely place, composed beautifully in continuously flowing lines, but you are never left in the slightest doubt that gardeners are, and always have been, in complete control. Annesgrove is far more jungly and, while pushing your way through its dense undergrowth, there are moments when it is easy to imagine an alligator or some other amphibian waddling out.

Both gardens rely heavily on water. At Mount Usher, it is the River Vartry which flows through the garden, its naturally sedate manner made rather more dramatic by a series of cunningly-placed weirs which break it up into delightful cascades. The river is central to the landscape. The house stands in the middle, elevated slightly on a billow in the land so that it surveys the scene in every direction. Yet, it is to some extent isolated by tributary streams which leave it almost on an island, very convenient for privacy now that the garden, still in private ownership, is open daily from mid-May until late October.

Many bridges cross the river and most of them add something distinctive to the beauty of the scene. One is an elegant suspension bridge, its walkway articulated so that it bounces alarmingly as you walk across it. Another is in the Japanese manner, but so narrow and steeply-arched that I have

never trusted myself on it.

Even the plants at Mount Usher, although apparently disposed so naturally, have had some of the order of a botanic garden imposed on them. There is a palm walk and a maple walk, a eucalyptus grove, a eucryphia collection, a cunninghamia area, and a vast specimen of the Mexican Montezuma pine that has been so lavish in producing seedlings that one area of the garden beside the orchard is reserved for them. The guidebook to this wonderful garden is comprehensive and produced handsomely.

The guide to Annesgrove is a much simpler affair as befits a garden that was made solely for the pleasure of one dedicated plant collector. Richard Grove Annesley took shares in the plant-hunting expeditions of Captain Kingdon-Ward and received seeds of many plants entirely new to cultivation. In particular, he amassed a magnificent collection of Asiatic rhododendrons which he planted on the higher, drier ground beyond his house which stands on the western edge of the steep valley through which the Awbeg flows.

This itself is a much more turbulent stream than the River Vartry and, below the house, it divides and then rejoins to form an island, so multiplying the possibilities for the cultivation of moisture-loving plants. But "cultivation" might be a misleading word to use at Annesgrove, for plants here really do seem to look after themselves and the gardener's hand is light. As at Mount Usher, many plants spread by self-sown seedlings but, for the most part, these are left to grow where they germinate, which adds to the natural effect.

In particular, the New Zealand hoherias love the place and not only seed but interbreed so freely that it is impossible to determine which of the offspring are true species and which are beautiful mongrels. In mid-summer, they all drip with white flowers and contribute greatly to the delights of the place; but I still long to see Annesgrove in May when the rhododendrons are at their peak.

Down in the valley, around the water, giant gunneras from Patagonia and Colombia are completely at home side by side with umbrella plants (peltiphyllum) from Oregon and California and primulas from Asia seeding themselves around in all the more open places. Always to my surprise, there are also plenty of crocosmias contributing splashes of red to a predominantly green, grey and purple scene thanks to the presence of many willows, loosestrifes and bistorts. This is my idea of a paradise garden.

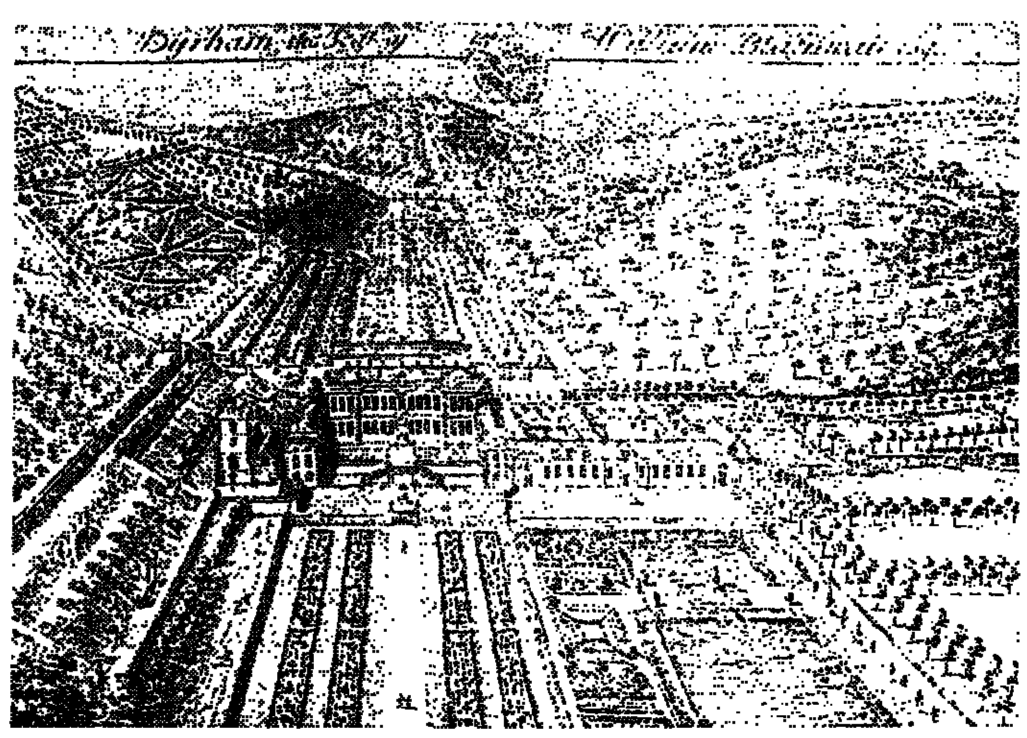
Like Mount Usher, Annesgrove is open often to the public but attracts far fewer visitors. It deserves to be patronised better.

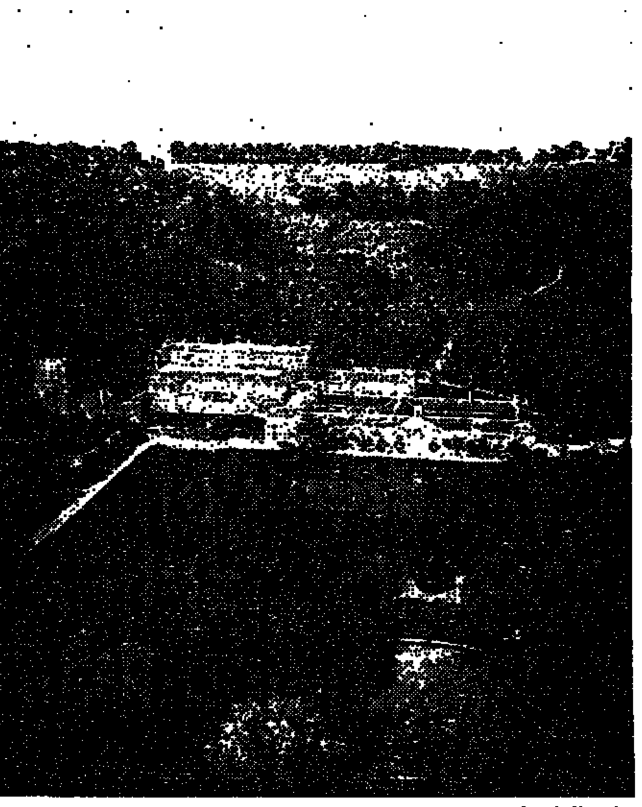
On the way back to Rosslare and the car ferry, I just had time to look in at the great John F. Kennedy Arboretum some eight miles south of New Ross. There are 252 hectares planned admirably and planted with a lake in the middle. Planting began in the mid-1960s, many trees are now half-way to maturity, and between 4,000 and 5,000 species and varieties are represented.

I would not have known it existed had it not been marked on the road map I was using. There are a few signposts but they are not conspicuous and it can be reached only by narrow, tortuous lanes. But it is well worth the effort and it is open every day except Christmas and Good Friday.

A spirit that needs to be recaptured

***Marina Adams** looks at the National Trust*





Angelo Hornak

Top: a 1712 engraving, by Kip, of Dyrham Park. Below: a view of Dyrham Park today looking in the same direction as the Kip engraving. The statue of Neptune is in a grove towards the top

THE NATIONAL Trust is the guardian of probably the world's finest collection of houses, gardens and landscapes. The care and scholarly attention it pays to its buildings and their interiors seem exemplary. It is not, however, always easy to say that the trust is as thoughtful or as scrupulous towards the structures and historical scope of its gardens and landscapes. Yet, the park or garden with its terraces, walls, steps, mounts, pavilions, trees and hedges is as important as the building and is part of a larger whole.

Creating and maintaining gardens and parks – the 18th century gardener, Capability Brown, called it "place-making" – is an art form in which some of the elements are changing constantly. Each generation has responded differently to the site, in places eliminating gardens of a previous period and introducing the fashion of the day, at others changing parts, extending the gardens or even allowing them to decay.

If these sites were still owned privately, the individual owner's philosophy and taste – or lack of them – would be evident from the state of the grounds, as would his preference for a particular style or period. Since the trust has become the owner/caretaker of 250 properties in various states of repair, what it should do is become, as it were, 250 different owners.

All forms of gardening and garden style should be seen in National Trust properties. Each garden and park should have its own character and identity. In many cases these have been lost and need, as one might say, "replace-making." There is a strong case for selecting certain gardens (or even areas of parks and gardens) to be treated, planted and maintained in the style of a particular historic period.

But, even before that stage, what is needed urgently is a survey and collection of data for National Trust parks and gardens that will deal with the historical development of each. This could include a history of ownership and land use, not only of the property itself but of surrounding land that affects the views at one time controlled by the owners.

For example, at Powys Castle in Wales, an industrial estate dominates the view from the Italianate garden terraces: collaboration with the local council could achieve at least control over the colour of the industrial buildings and ensure that a shelter belt is provided. At Stourhead, the road in front of the church now has traffic constantly past it: a hedge behind the old Bristol Cross is needed, high enough to screen the cars. Access to Erdigg, equally, has changed and the area in front of the house needs re-assessing. Information on future land use of the areas adjacent to a garden is also important because of how this might affect it.

At present, a great deal of human resources goes into the preparation of landscape surveys and reports on trust properties. But it needs to be presented in a usable form. Lists of trees with their ages shown in an adjacent column is not sufficient. The information should be plotted on survey drawings with different symbols for different planting dates and species as well as symbols differentiating evergreen from deciduous trees. The structure of the landscape at different periods then becomes apparent.

The history of a garden in relation to its buildings will have to be documented fully, with particular emphasis on the periods when the gardens underwent basic changes; plotting any existing remains of these different periods in drawings is essential.

Once such surveys have been prepared, it would be possible, with a series of drawings and sketches based upon them, to explore the solutions for a given site, solutions which would address such questions as what vegetation suits a building and a garden, whether it needs screening from surrounding views, and whether it harmonises with existing land-forms.

Sometimes, when little remains either in documentary form or on the ground, and perhaps if the building as well as the land-form justifies it, the opportunity could be seized to re-create old gardens. Nuttington Hall, in North Yorkshire, would be an apt candidate as would Dyrham Park, in Avon: at the latter there are elements of previous periods, such as the statue of Neptune which stands lost and isolated and begs, by its siting on top of the hill, to be re-united with a cascade that used to run from its feet down to the pond.

The requirements and taste of today's public – whether it be parking or its penchant for colour – will also have to be considered. There is a greater increase in the number of people who visit properties and it might be appropriate to consider siting car parks at a greater distance from the garden or house (while always providing easy access for the disabled). Indeed, taking longer to arrive at the place to be visited allows more experience of the atmosphere of the site and a better understanding of the relationship between park, garden or house and the landscape. There is no reason, for example, why parking should be allowed on the area at the east front of Dyrham Park, when people could park on either side of the park entrance gates and walk down to the house.

Gardens are an enormous attraction for the English who, however, care more about colour than about composition and form. There is no reason why this love for colour should not be accommodated in an original and creative way that varies for each property. Where there are areas for bedding and annual plants, these should be planned to look different and fresh each year. With the wealth of plants available in Britain, designing these schemes should be fun and pleasurable for the gardening staff. On the other hand, some direction is necessary and one could give colour schemes for each property (or, at least, guidelines to be followed that derived from the taste af successive owners rather than simply that of the last).

Further, a management and maintenance programme based on the assembled data would be planned for each property. This would allow for certain changes of a temporary nature (annuals, perennial plantings) and longer-term plans (hedges, trees, etc). Such programmes would not be just for the managers themselves. Attractive scale plans, including property surveys, should be displayed at each site; in this way, the public could appreciate the work involved in restoring or maintaining such and such a garden or park and learn something of the management problems and decisions made at each place.

The trust owns not only houses, gardens and parks but villages, farms, tracts of unspoilt coastline and woodlands. Yet, because so much of England has become one vast, extended suburb, it is essential to maintain the character and identity of different places by using appropriate materials and plants. Traditional use of materials and colour within a region can maintain the identity of the area because they will be in harmony with the territory. Lawson cypress is wholly out of place on Brownsea Island, as is lonicera nitida as a hedge to the car park opposite Selworthy church or hypericum patulum in the bed outside the trust shop in the same village.

Research needs to be undertaken on a regional basis to establish what are the materials and colours of that locality; the public should be informed on these matters and appealed-to in a campaign to influence their choices in contiguous properties. Clearly, the trust could show leadership here. The texture and colour of surfacing materials in its car parks and footpaths is a frequently-missed opportunity: smooth grey asphalt on the paths of Selworthy village does not belong at all. Chippings from local stone and gravel can be used as top-dressing to the surfaces of car parks and paths so as to blend with the materials of nearby buildings.

The 20th century is rich in tools (aerial photography), materials (plants, chemicals) and techniques (pollen analysis, archaeological surveys); yet, it has also seen the destruction or squandering of more landscape than ever before. By contrast, what the trust guards is much more secure. All the more reason, then, that our historical heritage be preserved sensitively in landscapes and gardens as well as in buildings.

Globe curtain call a step nearer

***Gerald Cadogan** reports on a harmonious search for Shakespeare's lost theatre*

THE SEARCH for Shakespeare's Globe Theatre has intensified. Diggers from the London Museum, working at the site of the Courage brewery bottling plant next to the Financial Times's new headquarters in Southwark, south-east London, now reckon they have a good chance of finding part of England's greatest theatre.

Hanson Properties, the site owner, has agreed to the preliminary reconnaissance continuing for another month, so this week the diggers brought in their machines to remove the last pieces of 1960s concrete that were hiding the archaeology.

The discovery of undisturbed remains of 18th century tenements makes them optimistic. These buildings front on to the now-lost Fountain Alley which was at the back of the handsome and derelict (but to be restored) 1835 Anchor Terrace, that itself fronts on to Southwark Bridge Road.

Study of documents has suggested that the Globe will be under the terrace and, with luck, some of it at the adjacent spot where the archaeologists, led by John Dillon and Simon McCudden, are working now.

Intact 18th century levels means a very good chance of intact 16th and 17th century levels underneath; the Globe was built in 1599 and rebuilt in 1614 after a fire caused by a cannon discharged at the King's entrance in *Henry VIII*.

Lower still, and elsewhere on the bottling plant site, there should be earlier traces to reveal the multi-period history of London south of the river back to Norman and prehistoric times.

The first sherd of Roman red terra sigillata (or Samain ware) came up this week in a much later pit.

Hanson Properties supports and funds the dig. The approach is sensible and generous, and will avoid the last-minute muddles and recriminations that have marked the nearby Rose Theatre development.

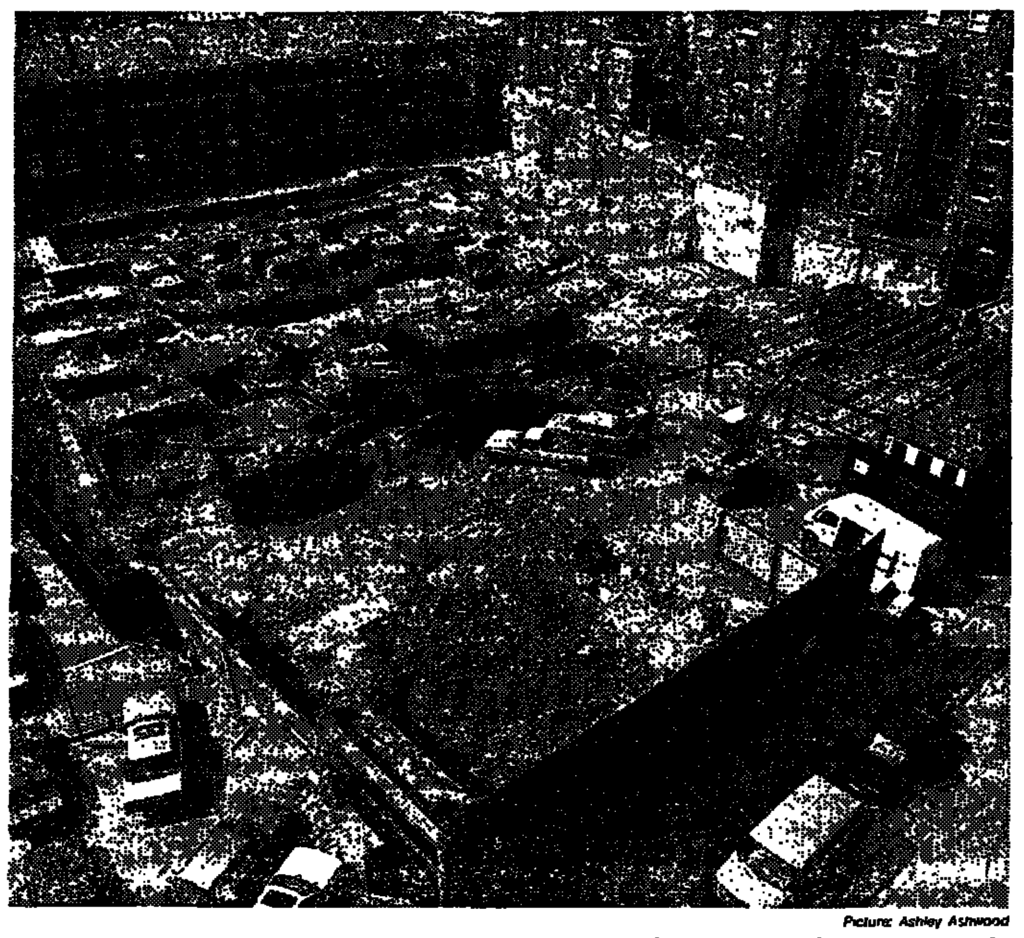
The drill is simple. First do the archaeology, allowing enough time to see what is there. Then, if there is something so important that it needs permanent preservation, plans can be changed in time. If not, the archaeologists have recorded what there is and will publish their findings.

It is an example to other developers how to treat ancient remains in a way that is most beneficial for the country's heritage and at the same time commercially sensible.

Another part of Lord Hanson's empire, the ARC subsidiary of his newly-acquired Consolidated Goldfields, has long had this policy in regularly letting archaeologists investigate the gravel pits in the Upper Thames Valley before quarrying.

When the preliminary phase at the Globe finishes in a month there is likely to be a detailed excavation beneath the bottling plant, where many remains have survived the 1960s concrete piles. Then, some time next year should come the chance to dig beneath the cellars of Anchor Terrace.

The curtains may pull back then on Shakespeare's Globe.



Picture: Ashley Ashwood

Mechanical diggers join London Museum diggers in Southwark to remove 20th century concrete in the attempt to uncover remains of Shakespeare's Globe Theatre

Food for Thought

Wild adventures with mushrooms

THE INHABITANTS of the British Isles are notoriously unadventurous when it comes to food, something which might be attributed – in part, at least – to a blasé attitude born of wealth. At this time of the year, when the hedgerows groan with ripening berries, the English pass on by, possibly fearing that whatever is free is necessarily poisonous.

The Irish are even more hopeless and don't have the excuse of money (although they understood the need to eat nettles in times of need, hundreds and thousands of them died during the famine without so much as casting a line into their fish-rich seas. Even today, it's hard to get an Irishman to eat fish).

In all other European countries, September is the time *par excellence* when the people set out for the woods and meadows in pursuit of wild mushrooms. This applies not only to the Italians and the French but also to the Poles, the Russians and the Germans.

Even in the tight little enclave of West Berlin, the Grünewald is cleaned for Pfifferlinge (chanterelles) and Steinpilze (ceps), although Berliners joke that since the Chernobyl disaster they have begun to shine in the dark, making them easier to find but perilous to eat.

By neglecting their natural resources in the mushroom line, the British and Irish have ensured that their islands have become a paradise for Italians, Frenchmen, Poles, Russians and Germans or, indeed, anyone whose mycological vocabulary extends beyond the button.

One of Italy's happiest expatriates is Antonio Carluccio, the manager of London's Neal Street Restaurant (26 Neal Street, London WC2; tel. 01-836-8368) whose book, *A Passion for Mushrooms*, is published on September 7 (Pavilion Books, £16.95). Carluccio appears to find ceps, chanterelles, mousserons and morels under virtually every twig, even in the middle of London parks and gardens.

Many of Carluccio's discoveries find their way onto the menu of the restaurant, alone with Alban white truffles which were unknown in Britain a few years ago. To supplement his own findings, he employs the services of Britain's sole professional mushroom-hunter, a man who has found a way of provoking the growth of oyster mushrooms on elm stumps.

These induced oyster mushrooms have been particularly useful in this long, dry summer as it is normally the dampness of its climate that makes Britain so good for mushrooms. Carluccio is not, however, despondent. Scotland has had its fair share of rain; and he recalls also that once the 1976 drought ended in torrential autumn downpours, the professional mushroom crop was magnificent.

Of course, mushroom-hunters should proceed with caution. In Britain, we do not have the advantage of the French, who can take their finds to the local chemist's shop to have them verified. Carluccio thinks the best solution for the incipient mushroom-hunter is to join a mycological society (of which there are many; enquiries to the British Mycological Society, Department of Microbiology, University of Surrey, Guildford).

Through his writings and television appearances, Carluccio could well trigger a cult for mushroom-hunting in Britain; but this is not something that worries him, given the superabundance there is. On the other hand, he makes a plea to hunters to "treat nature gently" and forbear from "kicking toadstools." He also stresses care: "Never eat anything unless the expert says yes."

Of course, wandering out into the wilds is not the only way to get mushrooms. The shiitakes and oyster mushrooms in the supermarkets are cultivated, but ceps are available at this time of the year from two branches of Camisa (1a Berwick Street, London W1, tel. 01-437-7120, and 61 Old Compton Street, W1, tel. 01-437-4686). Coinciding with the launch of Carluccio's book, a new shop called Snipe and Grouse (Chelsea Farmers Market, Sydney Street, London SW3, tel. 01-376-8514) is opening its doors to specialise in Scotch game and wild mushrooms.

A wider availability for wild mushrooms cannot help but improve the general standard of food in this country, both at home and in restaurants. Kashmiri morels have proved a boon to restaurateurs in their attempts to reproduce the rich cuisine of the Jura while ceps, dried from Italy (called *porcini* or pigiots) or fresh from Wimbledon Common, lend their weight to dishes like *cèpes à la Bordelaise* or authentic North Italian risottos.

Clearly, it would be an excellent idea this autumn to get out into the woods and take on those Italians, Frenchmen, Poles, Russians and Germans who have been laughing up their sleeves at us for so long. At the very least, it might provide a novel form of exercise. And you never know – it could turn out to be an adventure.

Giles MacDonogh

Antonio Carluccio . . . many of his discoveries in central London end on diners' plates

Eating Out

The children get hungry, too!

THE BRITISH hotel and restaurant trade can often be its own worst enemy. Take, for example, the blinkered attitude that so many leading establishments have in their attitude to their future customers – today's children.

Until recently, the arrival of children usually meant that eating out as a family came to an end; diners-out typically were past the parenting stage. While licensing laws were a definite obstacle, Britons as a nation chose to spend their money in different ways: turning their homes into castles or on school fees (where, often, UK children were taught to put up with really awful food).

With two-income families, more disposable income and increased foreign travel, this has changed dramatically; but it does seem that restaurants and hotels have not adapted to this change quickly enough.

Not only are these restaurants cutting off a large number of potential customers, they are also denying themselves a source of future staff. Most children have some notion of what they would like to be by the age of 12. If they are not made aware of just what a good chef or sommelier can offer, personally or to the public, they will never think of pursuing these careers.

Book at any restaurant in the continental Europe and no one will even query the age of the children. If there is nothing on the menu that is obvious for small children, then a word with the head waiter or manager should elicit a list of options, more often than not a choice of smaller portions of what is on offer for the adults This with potatoes or pasta and salad, plus the promise of a choice of dessert to follow, should keep most under-12s happy while their parents spend the real money.

Quite how easily families with even small children can eat well together was brought home to me during a recent stay in France. At La Ripa Alta in Plaisance, a family-run hotel-restaurant with a Michelin star deep in d'Artagnan country, Maurice Coscuella has a reputation not only for his sauces but also for inventing wonderful dishes with what others neglect.

While every lane end in this area signals the availability of farm-produced magret de canard, foie gras and confit, Coscuella creates delicacies out of the thigh and leg of free-range chicken sautéed with cream and armagnac, and makes a civet of goose tripe that has to be seen and smelt to be believed. His wife runs their dining room with equal authority.

On our first evening we asked, rather nervously, what she proposed for our children of six and four. She pointed to the set menu, three courses and a quarter-litre of wine for £6.00, described it, took the order and went away. Over the next three nights the children ate a total of nine different, top-quality courses. When we left, we discovered that Madame had reduced the charge – as they had had smaller portions and no wine – from £6 to £2.25 each.

□ La Ripa Alta is at 32160 Plaisance, Gers (tel. 010336-269-3043).

Although La Ripa Alta is cheap – the most expensive double room with bath and direct-dial phone is £25 a night – the same attitude towards children applies in France's grander hotels. About 200 miles to the east on the outskirts of Carcassonne is Domaine d'Auriac, a member of the Relais and Chateaux group. Its rooms, restored lovingly in a 19th century chateau, are three times the price but each, along with the restaurant, looks out onto a parc complete with swans, golf, tennis and swimming.

Once seated in the restaurant, each child is presented with a special £11 a head menu which offers a choice at each course and starts with freshly squeezed orange juice.

□ Domaine d'Auriac is on route St-Hilaire, Carcassonne (tel. 010336-825-1664).

One of the biggest constraints on good restaurants opening to cater for families in Britain is that most kitchen brigades are used to working a rotating fortnightly rota, a week of days from Monday to Friday followed by a week on the night shift, Monday to Saturday. Since most family eating takes place at the weekend, this system does mitigate against those restaurants trying to offer good food en famille as they have to compete for staff against restaurants closed determinedly for Saturday lunch and on Sundays. But rents are rising so fast, at least in London, that many restaurants may soon be forced to open daily.

Those which already do so are to be applauded: Le Caprice in Arlington Street, W1 (01-629-2239), Kensington Place, London W8 (01-727-3184) and now Bibendum, London SW3 (01-581-5817) which opened recently for Sunday lunch and dinner, as well as La Famiglia, SW10 (01-351-0761). Book well in advance for any of these at the weekend but, if they are full, try Soho's Chinatown where children are almost an obligatory accessory. Particularly good at the moment are Mings in Greek Street (01-734-2721) and the new but basic Vietnamese restaurant at 34 Wardour Street (01-494-2592).

At the beginning of the 1989 Good Hotel Guide (£10.95), there is a very sensible list of those places which welcome families with children. Even if there is not one which meets your requirements, you must persevere. Mostly, objections come from other guests rather than the proprietors; and those with an eye to the future must be aware that in today's consumer-led society, if they will not accomodate you, someone else will.

Nicholas Lander

Secrets revealed

***Wiliam St Clair** reports on new discoveries in the world of Greek and Roman literature*

OF THE vast literatures of Greece and Rome, only a tiny fragment has survived. The library at Pergamum, which Antony gave to Cleopatra, is said to have contained 200,000 volumes. The library at Alexandria, in Egypt, contained hundreds of thousands more. Whenever a stranger arrived in the city with a previously unknown work, it was sent to the library to be copied by relays of scribes and returned intact within a few hours.

The library at Alexandria was burned down as an act of deliberate vandalism and, in the troubled centuries of civil war and invasion, the same fate overtook all the others throughout the Roman empire, both public and private. Until this century, the only ancient literature derived from manuscripts copied from copies more than 1,000 years later.

In an upper room in the Naples National Archaeological Museum, you can see a splendid wall painting which illustrates ancient book technology – a papyrus scroll, pens, ink stands and a wax tablet shaped like a modern book with its stylus.

Several of the individual portraits show men and women holding these little books, pressing their pens against their chins as they search for inspiration. In the Villa of the Mysteries, which is still on site at Pompeii, there is a picture of a boy reading avidly from a scroll. He is having no difficulty in unwinding it from one end as he winds it forward at the other.

Pompeii was overwhelmed by showers of stones and ashes in the eruption of Mount Vesuvius in AD 79. There was no warning and thousands died. Nearly everything made of perishable material was destroyed. The fate of Herculaneum, on the coast, was very different. The steam from the volcano, at nearly 1,000 degrees C, produced storms of boiling rain which started a flow of hot mud. This oozed slowly into every house in the town, scorching and carbonising – but not obliterating entirely – everything that stood in its way.

In a rich man's villa just outside the town, the early excavators found one of the most precious hoards of statues, both bronze and marble, to survive from the ancient world. They also discovered the remains of a library. A room with a marble floor adjoined a smaller room lined with wooden shelves on which were nearly 2,000 small black bricks, each one a papyrus roll carbonised inside its wooden box.

Many attempts were made to unwind and decipher these rolls but without much success. A British ambassador in the 1820s obtained 18 in exchange for the same number of kangaroos, but British technology was no more successful than Neapolitan. If you see the examples on display in the Naples Museum, you might wonder why anyone ever imagined that reading was possible. The scrolls look like brittle pieces of shrivelled seaweed.

In recent years, however, methods have been developed that are yielding good results. First, the papyrus is moistened before being irradiated with an electric lamp. As it is tilted back and forth in different lights, the shine of the ink can be discerned momentarily and the text transcribed. Nearly all the books turn out to be in Greek, although there are a few in Latin.

Many are treatises on the philosophy of Epicurus, mostly by a contemporary of Cicero called Philodemos. They deal with topics such as rhetoric, poetry and music.

On the whole, I think it is fair to say that the contents of the library have turned out to be more interesting as historical documents than as literary works. It comes as a disappointment, although it is not really surprising, that the ancients produced second- and third-rate writers as well as geniuses.

But at a meeting to be held at Pisa shortly, Professor Marcello Gigante will announce two wonderful discoveries. A Greek scroll has been discovered which bears unmistakeable evidence of a connection with the Latin poet Virgil who spent his last years in Naples.

Even more exciting, fragments have been found of the works of the great sceptical poet Lucretius, a writer more admired in modern times than the imperial Virgil.

There is now fresh hope that the villa contained a library of classical authors and that some previously lost works could be recovered. Gigante is reported to want to sink new diggings to retrieve other scrolls thought still to be buried.

At the present rate, there is still work for several hundred years. Furthermore, there were half a dozen other ancient cities besides Pompei and Herculaneum which were overwhelmed by Vesuvius in AD 79 and remain buried somewhere in the plain of Naples. One day they, too, will yield their secrets.

Wine

Valpolicella: not just cheap and cheerful

VALPOLICELLA, after Chianti, is the internationally best-known Italian red wine but its reputation in Britain has not been very high. Usually, it is seen as just one of those drinkable two-litre wines that are available at a minimum price.

In fact, this is unfair to what – in the right producers' hands – is one of Italy's most serious wines, as was confirmed to me on a recent visit to this very attractive region to the north and east of Verona.

It is made from three grapes almost entirely associated with this area: Corvina (40-70 per cent), that gives tannin, character, finesse and aroma; Rondinella (20-40 per cent), contributing bouquet; and Molinara (5-25 per cent) that produces a soft style of wine.

The quality of Valpolicella depends very much on where it is made: on the hillsides traditionally draped with vines, or on the plain where, as with Soave, quantity does not make for quality and where the lighter wines are produced.

The total vineyard area is about 6,000 hectares (ha) – two-thirds the size of the whole of the Médoc – and average production ranges between 350,000 and 400,000 hectolitres. However, the Classico zone occupies only 20 per cent of the whole, and lies to the north-west of Verona.

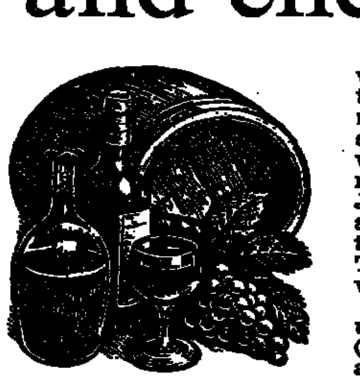
It is from here that the best, most interesting Valpolicella comes: from the communes of Fumane, Marano, Negrar, S. Ambrogio and S. Pietre in Cariano. Those who buy the wine might well look for these names on the labels, although, obviously, this in itself is not a guarantee of quality.

The industry is broadly divided in two: there are big companies such as Bertani, Bolla and Lamberti which produce sound, representative wines as well as some specialities in the way of Recioto and Amarone; second there are the usually fairly small private growers, each run by one or two enthusiastic experts and experimenters. These include Allegrini, Boscaini, Guerrieri-Rizzardia (a big concern with 150 ha), Masi (with over 200 ha), Quintarelli, Serego Alighieri, Speri and Tedeschi – all of whom I visited - and others, among them Le Ragose and Santi, whom I could not. Few are adequately represented on retail lists in Britain.

Everywhere in northern Italy there is a growing emphasis on single vineyard wines and those made from an assortment of grapes not included in the DOC regulations and so sold as *vini da tavola*.

The La Grola vineyard, 1,100 feet up in the Fumane commune is accepted as one of the very best, and Allegrini has 8 ha of its 30 ha total. Masi's Campo Fiorin in S. Ambrogio, Quintarelli's Cà Paletta in Negrar, and Tedeschi's Capitel della Lucchine in St Pietro are distinctive wines to be reckoned with. Tedeschi's Capitel San Rocco is a table wine including Sangiovese, the grape of Tuscany, and Dindarella.

All these concerns make excellent plain Valpolicella Classico, especially the Superiore, which has to have a minimum of 12 degrees rather than 11 degrees, and age in wood. But it is their Ripassos, Reciotos and Amarones that can be outstanding.



Ripasso is a special way of making Valpolicella, dating from the Middle Ages but then lost until, Masi claim, rediscovered by them. It consists of pumping the newly-fermented red wine into casks in which are left the lees of Recioto and Amarone, leading to a second fermentation that raises the strength about two degrees to 13 or 14 and results in a much bigger, rounder wine that is then matured in barrel for three or four years.

Adnams, of Southwold, Suffolk, have Quintarelli Cà-Paletta 85 (£5.90), Winecellars, 153-155 Wandsworth High Street, London SW18, have Quintarelli's 84 (£6.64) and Masi's Campo Fiorin 88 (£5.20) and Valvona & Crolla, 19 Elm Row, Edinburgh, has the Campo Fiorin 81 (£5.19). As can be seen, these Ripassos are not expensive.

Valpolicella's unique red wine specialities are its Reciotos and Amarone. These are made with grapes picked several weeks before the normal vintage time then left to dry on racks or slatted platforms until January, by which time they are shrivelled and have lost 30 to 40 per cent of their weight. They are then fermented out very slowly.

The Recioto has some residual sugar, high alcohol content (13 degrees), a sweet flavour and a bitter end.

Winecellars lists Allegrini's 85 (£9.74), Tedeschi's Monte Fontana 83 (£10.64); Valvona & Crolla have the Tedeschi 81 (£9.89) and the Masi Mezzanella 80 (£13.59); and Adnams have five, including Serego Alighieri 83 (£18.20) and the Quintarelli 78 (£23.40).

Although the sweet Recioto can be drunk young (and, in Italy, often with blue cheese) Amarone calls for three or four years maturing in cask for its alcoholic strength can be as high as 17 degrees. It is completely dry.

As the name suggests, it can be bitter (*amaro*), although there is a view that the term derives from a vineyard, Vaio Armaron, owned by the Serego Alighieri family, descendants of Dante (Winecellars have their 83 at £14.54).

Amarone is a mouthful of concentrated wine and needs proper ageing. Among the leading growers are Sandro Boscaini of Masi, who also runs his own family business and assists the Serego Alighieri estate and Guiseppe Quintarelli, whose wines are accepted as outstanding. Yet when I visited him recently he was bottling wine from a demijohn through a rubber pipe, and his wife was labelling the filled bottles with a hand-written label. The results in the accompanying tasting were delicious.

Seventy per cent of his wines are exported, particularly to the US, where there is much more interest in Italian fine wines than in Britain.

Nevertheless Amarone is known in Britain, and some - but by no means all - traditional wine merchants will list at least one. Lay & Wheeler, of Colchester, have Bertani's 78 (£12.13); Adnams list Tedeschi's Monte Olmi 81 (£10.85); and Valvona & Crolla list no fewer than eight, from Bolla 83 (£7.99) to Masi's Mazzona 81/83 (£17.99).

The other Veronese red wine is the attractive light Bardolino, made and consumed in large quantities on the south-eastern side of Lake Garda. It resembles Beaujolais, and it is not surprising that last year, for the first time, a Bardolino Novello was produced. One million bottles were sold.

Bardolino, is very much a summer quaffing wine, with a very large permitted yield, exceeding 100 hl per ha. But when the yield is reduced deliberately it can have much more character, as I sampled in Gianni Picoli's cellars in Valeggio, south of the lake. His Vigneto Fontante 88 had unusual depth of colour, more of a Valpolicella nose (the grapes are broadly the same for both wines) and plenty of body. Alas, he has no British importer.

Edmund Penning-Rowsell

HOW TO SPEND IT

Last-minute ideas for those last-minute holidays . . .

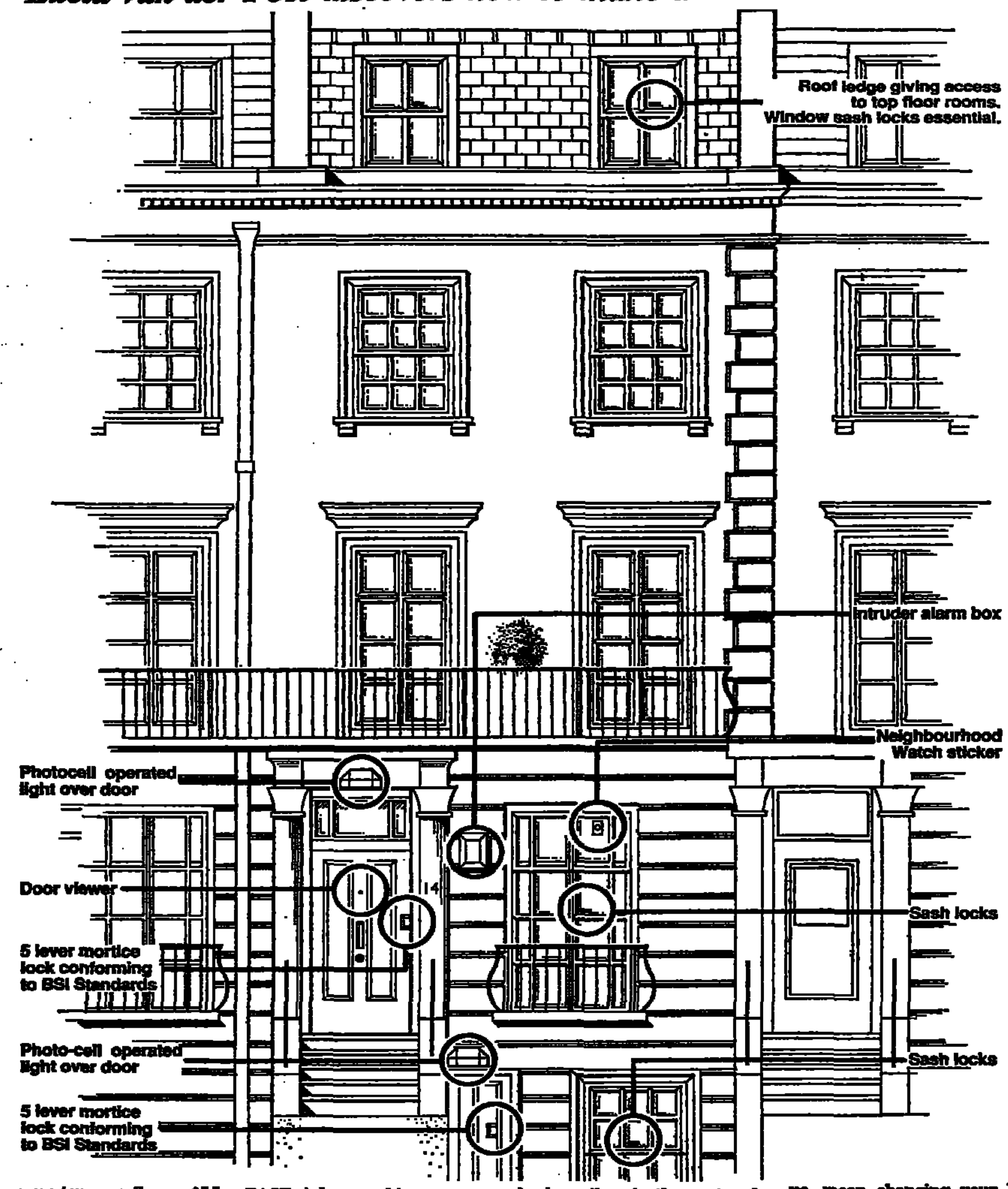
TWO LAST-MINUTE ideas for those who are only now setting off for beaches, villas or hotels in far-flung parts. Photographed above is one of 47 new Slix swimwear designs just going into the shops. In a Mexican stencil print, it costs £40 from Harrods, all House of Fraser stores and John Lewis.

Below is the Bed-in-the-Bag – just what every well-behaved, villa-hopping guest should carry (I speak with feeling as one who only just survived a summer when my son told half of Cambridge that there was this villa in Tuscany and why didn't they come and stay? They came and they stayed but they brought no beds-in-bags).

Made of pure cotton, it really is a travelling futon and, as such, is perfectly comfortable to sleep on (unlike a sleeping bag) without any support. It weighs 13 lb, measures 6ft 6in by 2ft 6in, and you just roll it out. £59 from any of The Futon Company shops: 82-83 Tottenham Court Road, London, W1, 654, Fulham Road, London SW6, and 138 Notting Hill Gate, London, W11. (Also by telephone, 01-727-9252; £5 extra for postage). – *Lucia van der Post.*

Putting the screws on Burglar Bill

Lucia van der Post discovers how to make a home more secure



HE DID US a favour, really, the burglar who walked in through our front door one sunny Friday afternoon. He (she?) seems simply to have pushed back the lock with a credit card, picked up the cash we'd left out for our cleaner and headed straight for the bedroom where he rummaged round for any piece of jewellery of any value and left. Nothing else was taken and no other mess was made.

Of course, I miss the pieces but, all in all, we were very lucky. It was nasty enough to make us realise we had to do something serious about security and insurance, but not nasty enough to have been disastrous.

We'd realised, of course, that we weren't protected properly as we had no sophisticated alarm system and only rudimentary locks and bolts. The front door had a Banham lock that could be deadlocked but we'd got out of the habit of doing even that.

For so many years, the house had been filled with people coming and going – children, friends and au pairs as well as ourselves – that we reckoned that it was hardly ever empty for long enough for a burglar to get to hear about it. Now that we're normally down to two and au pairs no longer seem decent, it is a different matter. There is an easily determinable pattern to our comings and goings.

Our insurance company paid up what we asked (I suspect we were hideously under-insured although, once the stuff had gone, there was little we could do about that) but declared that our house was not protected properly and that we had 30 days in which to install five-lever mortice deadlocks on all external doors and key-operated security locks to all ground-floor and lower ground-floor windows. We got cracking.

First stop was to see what a big do-it-yourself merchant like B&Q had to offer. Security-related products, they tell me, are one of the fastest-growing sections of their market; and although neither of us is much good with a Black & Decker, we were attracted to DIY by the savings to be made.

B&Q soon sussed us out as the rabbits of DIY and sent along a nice, kind hand-holder, David Nye. He shook his head at the evident lack of DIY around the place, scarcely able to believe all those untouched doors and windows. "You are very vulnerable," he told us. "It will take two or three days' work to make your house reasonably secure.

"In the end, you can't prevent people who are seriously intent on breaking in – you can only make it difficult for them. But at the end of the day, what you don't want is for your insurers to say they won't pay up because you're not properly protected.

"You need a two-inch rebated lock for the French doors downstairs and five-lever mortice locks on the outside doors to British Standard 3621. You've already got some key-operated window locks but you need them on every vulnerable window."

Nye seemed quite confident that even unskilled amateurs can perfectly well set about making their homes secure if they choose the right locks and if they have the proper tools (a list of the essential ones is given below). It takes him (and remember, he's an experienced hand) about two hours to fit a mortice lock and about 30 minutes for each other item.

He reckoned it would take between two and three days to make our house secure. Given that a proper five-lever mortice lock (to BS3621, of course) is only £12.99 and a good window lock £7.19, the average house could be made secure for under £100.

After Nye had finished brandishing his drills and his screwdrivers, PC Brendan Brett of the Notting Hill Crime Prevention Squad came to review the system. He admired the window locks and the five-lever mortice locks but felt there was still work to be done.

"You've got scaffolding on the next-door house at the moment - that makes you very vulnerable," he said. "So, I would suggest putting in a simple screw temporarily on ALL your windows to stop any opportunist who clambers up the scaffolding. Make sure all valuables are out of sight.

"You should have a light outside your front door and basement door with a photo-cell that comes on automatically as soon as the sun goes down – that will mean anybody lingering outside would be easily seen. I believe in putting the strongest defences on the outside – after all, once inside you can slow them down but they can be neither seen nor heard by neighbours or passers-by. You also need to have key-operated window locks put on the windows on the top floor. Lots of thieves get into houses along the rooftops."

He also drew up a very detailed specification for an intruder alarm system (warning us that it would change the way we lived and that it would require discipline but he believed that, in our area, it would give valuable extra protection) and provided us with a list of local companies (all members of NSCIA, the National Supervisory Council for Intruder Alarms) which we could approach for quotes. "In my opinion," he said, "it is better to use a local company that has a small radius of operation and will give you proper year-round service."

Indeed, the company we are probably going to use is so local and so popular that I am not allowed to give its name, but the key to good intruder alarms is good service – you have to be sure that, when the bell goes, they will check it out FAST. Ask around in your area and you ought soon to uncover such a company.

The advice Brett gave us is available free to every member of the public from the local Crime Prevention Officer, and the great advantage of such advice is that it is genuinely unbiased – he has absolutely no interest in over-prescribing on locks, bolts and other devices. If I were to set about putting in a DIY system again, I would get advice from the CPO first and then put in the locks he recommended.

Brett is also in favour of Neighbourhood Watch schemes. "They are only as good as the people who run them but, when they are good, they can significantly cut the crime rate," he told us.

A simple thing that would help to track down stolen goods is to mark all your valuables like TV sets, CD players, videos and the like with your post code and house number, using an ultra-violet ink pen (Polycell retails one at £1.25 and Neighbourhood Watch schemes normally lend them to you free). Police scan all stolen goods automatically for these marks and they can be traced back easily, via the post code and house number, to their owners.

Lights, whether outside or in, can be fitted simply with a photo-cell device (it just sits inside the existing light bulb socket) which means the light comes on as it gets dark. These can also be programmed to, say, switch off at midnight. Prices are £11.29 for automatic versions, £14.69 for programmed ones.

■ Intruder alarm systems. Whether to go for one of these seems a vexed question these days. Some 90 per cent of call-outs, I learnt recently, are for false alarms, and our own insurance company tells me that unless they are insuring contents worth more than £50,000-£60,000, they recommend only what they call "physical barriers" – ie, sturdy doors, locks and bolts.

Almost everybody, however, agrees that in high-risk areas where everybody else has an intruder alarm, you are the one likely to get burgled if you don't – on the principle that most thefts are done by opportunists who go for the houses that are easiest to get into.

They do, as PC Brett warned us, mean changing your life-style. Every member of the household has to know how they work and remember to turn them on and off each and every time they leave the house or come home. A key-holder has to be found ("you'd be amazed," says Brett, "at the number of people who leave keys with a neighbour who goes away every weekend just like the householder. We find ourselves ringing Wiltshire for spare keys") and, where the alarm rings in a central control room, service charges as well as the British Telecom rental for the extra phone, must be paid.

The good news, though, is that systems are becoming increasingly sophisticated and easier, not only to instal but to operate. There are now systems based on passive infra-red detectors that detect intruders by means of body heat (we, for instance, would need four of these to protect the key parts of the house: dining-room, drawing-room, main bedroom and the basement). These are activated simply by punching in your code number as you leave the house.

Some parts of the house can be isolated so that you can, say, activate three and sleep in one. They can also incorporate a personal alarm button by the bed which activates the siren. If you are having one installed, check that the company is a member of the NSCIA. If you don't know of a reputable local firm, the association will send you a list of those in your area.

DIY systems are also becoming increasingly sophisticated – at B&Q, you could buy the Space Watch system for just £99.95. When activated, this is highly sensitive to changes in air pressure; if a window or door is broken or opened suddenly, it sounds the alarm. These DIY systems, of course, merely sound alarms – they do not ring through to a central controlling office which, in turn, alerts the police.

Scheduled to go into the shops at the end of the year is a system designed to lift the hearts of all those who hate anything to do with screws, hammers, drills and pliers: a passive infra-red system that needs no wiring and no fiddling about. You just plug it into the socket. More expensive than most existing DIY systems in its most sophisticated version (which will incorporated a personal attack alarm – very comforting for those who live alone or in isolated houses to keep by the bed) – it will sell for about £300.

■ Insurance. Every insurance company has its own policy and there is no substitute for reading the fine print. Assessing the worth of the accumulated treasures of one's life is mightily complicated and professional help is needed for valuables – things like jewellery, silver, antiques, pictures. Otherwise, Judy Jago, a professional loss assessor, advises clients to start at the top of the house with a pencil and paper and work their way down, taking a note of everything. "As you buy things through the year, keep a shoe-box handy and simply keep all the receipts," she says. "This is trouble-free and could save a lot of arguments. Another thing worth doing is to photograph your belongings – but to give a sense of scale, try to put something like a ruler in front of each piece."

When it comes to dealing with claims, not everybody knows of the role that a loss assessor can play. The loss adjustor, of course, works for the insurance company and his role is to keep the insurance companies' costs down. The loss assessor, on the other hand, works for YOU.

As Judy Jago puts it: "We will come in, look closely at your policy, prepare the inventory and, within the limits of your policy, do our best for you. We deal with the loss adjustor and the insurance company for you. Many of our clients seem unaware of the value of their belongings and we are able to make sure they are properly compensated."

Indeed, I first heard of Judy Jago through a friend who had estimated her loss at £5,000 – but Jago found that £15,000 was much nearer the mark, and £15,000 she got. Loss assessors earn their keep by charging a percentage of the value of the money recovered - normally around 10 per cent.

In the past six years, domestic theft claims have risen from £138m (in 1982) to £286m (in 1988). Clearly, it is in everybody's interests to reduce the burglaries and the claims. While most insurance companies will refuse to pay out if you have virtually no protection at all, others prefer the carrot to the stick and offer discounts if you go in for proper security systems.

Norwich Union, for instance, got together recently with Yale to offer two-way incentives - its policyholders get discounts on Yale's five-lever mortice locks and window locks, and those who buy these then qualify for a 5 per cent discount on their premiums from NU.

The discount rises to 10 per cent if an NSCIA-approved alarm system is installed, and to 15 per cent if, in addition, the householder joins a police-approved Neighbourhood Watch scheme.

■ **Useful addresses: Judy Jago, Loss Assessing Company, Venn House, Venn Street, London SW4. OBE (tel. 01-627-0077); NSCIA (National Supervisory Council for Intruder Alarms), Queensgate House, 14 Cookham Road, Maidenhead, Berks SL6 8AJ (tel. Maidenhead 37512); Homesitters, The Old Bakery, Western Road, Tring, Herts HP23 4BB (tel. 0442-891-188). Will provide checked-out sitters to look after home.**

PRICES OF SECURITY PRODUCTS FROM B&Q

Five-lever mortice deadlock, £12.99. Wing and Webb 2" straight barrel bolt, 0.95. Wing and Webb 3" straight barrel bolt, £1.09. Wing and Webb 4" straight barrel bolt, £1.19. Chubb window lock (set of 4), £13.99. Polycell window lock 658, £5.39. Polycell casement window snaplock, £7.15. Polycell window handle bolts, £4.29. Castrol grease (for easing existing window locks), £2.65.

Cookery

Keep it simple in summer

SCHOOL HOLIDAYS and university vacations signal a long, lazy break for the young; but what about the cook? All too often the leisure time of others means overtime for those on kitchen duty. Lunch, as well as evening dinner, has to be produced every day, and the little leafy salad or soup that suffices to soothe and satisfy at midday for most of the year seems to do nothing to assuage the hunger pangs of offspring.

If the cook is to avoid a long-term sentence of kitchen imprisonment this summer, very simple foods and plenty of them must be the order of the day. Ideally, the cooking should be so simple that the young may be lured and persuaded to don aprons and lend a hand. Some might even consider taking over the kitchen now and again to cook dishes like these:

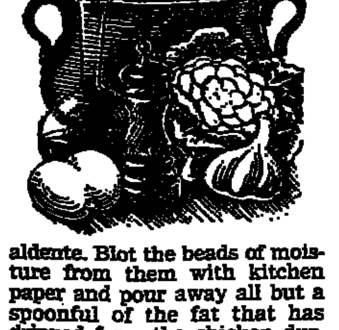
CRISPY BAKED CHICKEN

You need a chicken quarter or large portion, preferably free-range, for each person. Remove any fat and dry the joints carefully. Heat a non-stick frying pan. When very hot add the chicken pieces, skin side down, no more than four at a time. Fry over medium-high heat for three minutes or so until well coloured. Turn and fry for a couple of minutes on the other side.

Remove the chicken and throw away the fat that has collected in the pan. Lay the chicken pieces, skinside up and side by side, on a rack in a baking dish or roasting tin. Season the skin with a good sprinkling of salt and pepper and bake in an oven preheated to 375 F/190 C (gas mark 5) for 40-45 minutes until the flesh is thoroughly cooked and the skin is a crackle of gold.

COURGETTES WITH GREEN CORIANDER

When the chicken is nearly cooked slice some courgettes and steam them briefly until aldente. Blot the beads of moisture from them with kitchen paper and pour away all but a spoonful of the fat that has dripped from the chicken during baking. Stir the courgettes into the rich, meaty sediment that remains in the baking dish. Add a seasoning of salt and pepper, some chopped, fresh green coriander leaves, and a small handful of black olives. Toss to mix and lay the chicken joints on top.



BAKED POTATOES

Smallish potatoes can be baked in the oven while the chicken cooks. For best results rub the potatoes with a mixture of oil and salt; this will crisp the skins and prevent them turning a flabby elephant grey. The potatoes will take a little longer than the chicken to cook, so put them on a baking tray and place it on an upper shelf when you turn on the oven so they start to cook while the oven heats.

CINNAMON PUFF PASTRIES . . .

This is just as delicious as a good apricot tart but much easier to make, and there is no danger of the pastry turning soggy. The pastries should be made ahead. Roll out thinly a 7 to 8 oz packet of puff pastry. Brush the top with lightly-beaten egg white, keeping clear of the edges, and sprinkle with 1 oz of caster sugar mixed with ¼ teaspoon of ground cinnamon.

Cut or stamp the pastry cleanly into triangles, rounds or other shapes. Lift the shapes with a palette knife on to a baking sheet and bake at 425 F (220 C) gas mark 7 for 8-10 minutes until puffed up under a rich cinnamon brown crust. Cool on a rack and store in an airtight tin as soon as cold. The pastries will keep for two or three days but should be warmed in the oven briefly, to freshen them, just before serving

. . . WITH BAKED APRICOTS

Take an *oeuf sur le plat* dish for each person. In each mix 1 teaspoon of water, ½ teaspoon of lemon juice and 1 tablespoon of caster sugar. Halve a few apricots for each person (three or four fruits, depending on size, reasonably ripe if possible). Remove the stones, turn the apricots in the syrup to moisten all over and lay them cut side up, side by side.

Put tiny slivers of butter into the stone cavities (½ oz butter is probably enough for six people). Scatter with a few flaked almonds and the kernels taken from the apricot stones – if you can find some nutcrackers with which to crack the stones open.

Slide the dishes onto a baking sheet and bake, while you eat the main course, at 325-350 F/170 C (gas mark 3 to 4) for 20 to 30 minutes depending on the ripeness of the fruit.

Serve the hot, and very tender, apricots topped with cool creamy dollops of yoghurt or creme fraiche and with the contrasting crunch of warm cinnamon puff pastries on the side.

Philippa Davenport

ARTS

Saleroom

The case for selling the family silver

***Homan Potterton** puts the case for 'deaccessioning' by museums*

SOTHEBY'S record-breaking sale of Impressionist paintings in New York last May featured a pair of really feeble pictures of girls which Renoir painted as door decorations in about 1890. Over at Christie's that week, more of the same: two more girls by Renoir, this time smaller, but very crudely painted. Also in this sale was a frightful, nondescript Monet of cliffs by the sea. Between them, the five pictures fetched $10.6m. The vendor of the paintings was the Metropolitan Museum.

The Met was not the only American museum selling that week. The Art Institute of Chicago raised more than $6.5m by selling five pictures; the Chrysler Museum in Norfolk, Virginia sold a Fantin Latour and a Laurencin for a total of $2.2m; and a minnow, like the Baltimore Museum, took home almost $200,000 through the sale of a Dufy and a Chagall.

Look at any New York sale catalogue and it is noticeable how prominent museums are as vendors. The list of those which sell is long, and it includes all the major institutions: Cleveland, Detroit, San Francisco, the Getty, the Kimbell, Los Angeles, Boston and Philadelphia. The proceeds from such sales can be significant. In 1985 Chicago derived $438,457 from sales; in 1986, £1,474,544; and in 1987, $639,737. For the same years the Met's income from similar sources was $161,016, $3,812,331 and $223,460 respectively.

It seems extraordinary that such a very sane process of rationalising a public collection by disposing of certain items should excite such outrage in Britain. The late distinguished editor of *The Burlington*, Benedict Nicolson, used what he called "a new hideous word" in the December 1972 pages of his magazine. The word was "deaccession" and Nicolson's contempt for it was symptomatic of British feelings on the subject, feelings which are still prevalent today and which, on occasion, soar to passions. Such occasions can be when the trustees of a museum decide to sell off part of their collection to pay the cost of some emergency, or when a Government, known to be an interfering one, looks like introducing mandatory deaccessioning.

In the past there have been such occasions of uproar also on the other side of the Atlantic. Who remembers Lord Radnor's Velasquez of Juan de Pareja being bought by the Metropolitan Museum for a record $5.4m in 1970? The trouble with this price was that the Met did not have the funds to pay for it, so the resourceful director, Tom Hoving, turned to deaccessioning. He auctioned 11 Impressionist paintings at Parke Bernet and sold privately to the Marlborough Galleries a Van Gogh, a Douanier Rousseau, a Modigliani and a Juan Gris. The sums derived from this activity climbed from $13,535 in the year ending June 1971 to $1.7m in the next year and, finally, to a cool $3.5m in the year to June 1973.

Hoving stated that he was "refining the quality of the collections;" but Americans would have none of it. The public outcry which followed forced a policy statement from the Met. Unfortunately, the policy had not been followed; but the statement formed the basis of a sensible deaccessioning policy, the essence of which has since been deployed, not only by the Met but by other museums as well.

The nub of the matter is that museums must have a policy for deaccessioning just as they have an acquisitions policy, and that works from a collection should not be sold on an ad hoc basis to meet some contingency. Also, it is essential that such a policy should depend on aesthetic rather than financial considerations.

As regards the process of selecting items for deaccession, it would seem reasonable to suppose that curators, who can be entrusted with the task of acquiring works for a museum, should also be trustworthy in deciding what should be sold; and trustees who, among other things, monitor the ethics of acquisition should be able to do the same with regard to deaccessioning.

Chance has played its part in the formation of most public collections but it should play no part in establishing what a permanent collection should be. That is the role of the trustees and the professionals whom they employ; and when a museum object is, for some reason, irrelevant to a collection it should be deaccessioned.

Nor is there any case for treating objects that have been gifted or bequeathed differently from those which have been bought. Why should any private individual use a public collection to memorialise his or her own taste? Inherent in the policy of most American museums is the proviso that funds derived from deaccessioning must be used for future acquisitions; but it is doubtful whether this should strictly be the case when the physical condition of a museum is in such need of improvement as to be actually damaging to the entire collection.

The paintings sold by the Metropolitan Museum recently were so awful that they could never hang in the museum's Impressionist galleries. That fact, together with the $10.6m which they have brought to the Museum for future acquisitions, is a persuasive argument in favour of deaccessioning. But will the argument be heard in Britain, or will museums still stick to what Ben Nicolson called in that same editorial, "our old-fashioned standards of conduct on this side of the Atlantic"?

La femme au panier de fleurs by Renoir, one of the 'crudely-painted' pictures sold by the New York Metropolitan Museum

Backstage master behind Bayreuth

***Andrew Clark** profiles opera's marketing genius, Wolfgang Wagner*

INSTEAD OF allowing a fuss to be made of his 70th birthday next Wednesday, Wolfgang Wagner will be flying to Japan, where the Bayreuth Festival ensemble is to give its first performances outside Germany. The absence of birthday rhetoric and the novel idea of exporting Bayreuth to the Japanese are entirely typical of Wagner, the composer's silver-haired, avuncular grandson, who is known throughout the opera world simply as "Wolfgang."

Thanks to Wolfgang, the family business at Bayreuth is in better shape than at any time since Richard Wagner opened the Festspielhaus in 1876. When Wolfgang and his elder brother, Wieland, relaunched the festival in 1951, it had no funds and was tainted by its pre-war association with Hitler and the Nazis. Today, demand for seats is such that the 55,000 tickets available can satisfy only a tenth of the number of applicants. The festival's annual turnover has grown to Dm 16m (£5.3m), of which 40 per cent comes in state subsidies. Bayreuth has also become the yardstick by which contemporary Wagner interpretation is judged.

This remarkable success story would have been impossible without Wolfgang's stewardship. Until Wieland's premature death in 1966, Wolfgang had to live in his elder brother's shadow. Wieland was the genius, the artistic visionary, whose luminous re-working of the Wagner music dramas on stage out-shone Wolfgang's more functional efforts as a producer. But it was Wolfgang's management and marketing skills behind the scenes which ensured that the bills were paid, contracts drawn up and the fabric and staffing of the festival theatre upgraded.

Wolfgang's public face is deceptive. Although his mother, Winifred, was English, the only language Wolfgang speaks is German. On the rare occasions when he has to make an announcement in front of the stage curtain, even German members of the audience had difficulty making sense of his clotted North Bavarian accent. With his honest, down-to-earth bonhomie, he remains the same whether he is sharing a drink with stage technicians in the Festspielhaus canteen or welcoming royalty and government leaders at the start of each festival.

But Wolfgang is nobody's fool. There is a quality of home-spun horse-sense about him, an invaluable asset when running a business with the human and technical complexity of opera. It has enabled Wolfgang to sell Bayreuth on video and record without bowing too much to the market-place, and has helped him ride the storm of the inevitable scandals. Wolfgang's pragmatic artistic policy – balancing conservative and avant-garde approaches while encouraging the constant re-working of existing productions – has ensured that Bayreuth's world-wide influence has never been greater. In most of the risks he has taken – the biggest of which was the choice of Patrice Chereau to stage the *Ring* in 1976 – Wolfgang has been proved right.

In common with his grandfather, however, Wolfgang's relations with fellow-artists, the media, his own family and some of his festival patrons have had their fair share of stormy interludes. The well-known divisions between different branches of the Wagner family have led Wolfgang in recent years to ban Wieland's son, the stage director Wolf-Siegfried Wagner, from the Festspielhaus property. Bayreuth's conservative supporters regularly campaign against Wolfgang's choice of producers, the latest being his invitation to Chereau to stage *Tristan und Isolde* in 1993. And Wolfgang's own productions, which hark back to a style developed in the 1950s, have been increasingly pilloried in the German press.

On every count, Wolfgang has held firm to his right to control the festival as he pleases. He says he has learned to judge the discrepancy between Bayreuth's critics and the wishes of the festival's public and artists. "I have to be free to take the course I consider to be right, and like any theatre director receiving state subsidy, to see that this course is supported by the public and artists working here. On that score, I have all the support I need. My job is to ensure that communication between artists and public is lively, uninterrupted and free of all outside influence. In Bayreuth, we are lucky to have the conditions necessary to fulfil these goals."

Wolfgang's best-documented confrontation, in recent years, was with Sir Peter Hall during the ill-fated *Ring* production of 1983. Relations deteriorated to the point where there were shouting matches, and Hall left the work of reviving the production in subsequent years to an assistant. Wolfgang says simply that Sir Peter lacked the nerves for Bayreuth, and that his working methods were wholly unsuited to a work as vast as the *Ring*. "He was heavily booed – like it or not, you have to contend with that in Bayreuth – and he took offence, later accusing me of making cast changes without consulting him. I regret it. But Peter Hall and Georg Solti left us with a ruin. Neither had the courage to stand by their work and bring it to completion."

Most of those who worked on the Hall-Solti production support Wolfgang's version of events and say that he has a unique insight into what production ideas will or will not work. "Wolfgang was very fair and the technical staff went out of their way to try to make it work," recalls a member of the large British contingent at Bayreuth. "There were huge communication problems. But if Wolfgang is alienated, he is the worst possible enemy to have. He has an enormous temper. It takes a long, long time to get on the wrong side of him, but if you go that far, you really deserve all you get."

Wolfgang is in excellent health and has set no date for his retirement but he has allowed none of the next generation of the family to work alongside him at Bayreuth. This has led to fears that the festival may go through a bumpy period when his successor eventually takes over.

The next director will be chosen by the Richard Wagner Foundation, which was set up by Wolfgang and his mother in 1973 to give the festival long-term security. The Wagner family has a minority vote but the Foundation is committed to giving priority to qualified candidates from within the family before considering outsiders for the post. There are 11 eligible members of the family; the favourite is Wolfgang's 44-year-old daughter, Eva, who has held a senior post at Covent Garden and has gained useful experience elsewhere.

No successor will be allowed the absolute control that Wolfgang has enjoyed. None will be able to match his all-day covering and nurturing talent, his instinct for finding the right voices for different roles, or the family atmosphere he creates among artists at the festival. No successor is likely to show or inspire such intense loyalty, or share Wolfgang's capacity for making his presence felt throughout the Festspielhaus. And none will be able to say that they sat on Cosima Wagner's knee.

Wolfgang Wagner

No-one knows what surprises Wolfgang has in store for coming years. After next year's new staging of *Der fliegende Holländer* there will be no new productions until 1993, apparently to allow the current *Ring* to be put on video. A new staging of the Tetralogy is planned for 1994. Judging by Wolfgang's recent planning decisions, two artists likely to dominate Bayreuth in the 1990s are Daniel Barenboim and James Levine, both of whom already wield considerable power there.

Despite the trip to Japan – where his own production of *Tannhäuser* will inaugurate the Great Hall of Tokyo Bunkamura in Tokyo next month – and his recent work as a guest producer in Dresden, Wolfgang has indicated that he will in future concentrate his attention on the long-term welfare of the festival organisation in Bayreuth: "my task now is to do some re-thinking, to draw on whatever experience I have gathered, and use it to lay the groundwork for the next 50 years."

Green themes find a common ground

***William Packer** on an ecology-friendly exhibition*

THESE ARE very green times, and likely to grow more so. And as we all scramble onto the band-waggon at last, it is only fair to remember that artists and craftsmen were always prominent among those who built the beast and got it on the road. Studio pottery and vegetarianism, hairy jumpers and dirndl skirts, weaving and carving and painting in oils – artists have been living out the rural idyll these past hundred years and more. How quaint and comical they once seemed, how reassuringly NLU. Not any more.

One of the concerns of Common Ground, a small organisation born of the wider ecological and environmental interests of recent years, is to bring the work of artists and craftsmen actively engaged with natural images and materials to a wider public. A theme is suggested, the artists canvassed, a particular opportunity arranged, all on a modest and personal scale.

To carve, to split, graft and pleach, to bend and press, let alone to sit and work direct from nature, are practices of immemorial precedent, though not always co-opted to the self-conscious purposes of making art. What village-artist carved the milestone, built the stile, laid the hedge? The presentation and comparison is new and intriguing.

Two of Common Ground's current initiatives, one taken in collaboration with the Crafts Council, the other with the South Bank Board, are now on show in London, to make the point. "Out of the Wood" is at the Crafts Council Gallery (12 Waterloo Place SW1: until October 8, then on tour until early 1991); "The Tree of Life" at the Royal Festival Hall (only until August 28, but reopening at the Mappin Gallery, Sheffield on September 2, and continuing on tour until next year).

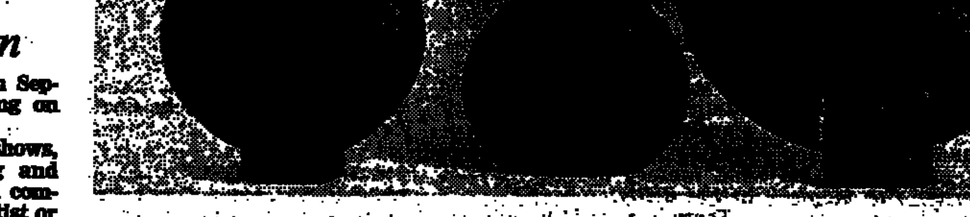
These two anthology shows, of fine craft, painting and sculpture, have much in common, even sharing an artist or two. Their themes are close enough to invite direct comparison, subtitled respectively as "the tree as image and symbol" and "new images of an ancient symbol." But, though both include remarkable and beautiful things, they are not equally successful.

More direct and practical in its immediate scope and application and thus raising fewer ideological or thematic expectations, "Out of the Wood" leaves the objects it contains to surprise and delight us in their own way, for their own sake. It may be a pot by Alison Britton, forked like a tree trunk, a box of pinned leaves by Andy Goldsworthy, a cut timber column by David Nash, Adelle Lutz's punning fir-frond coat, a huge fan of rough sliced planks by Andrew Darke, or Michael Lloyd's silver-gilt bowl with a chased motif of willow leaves.

With "The Tree of Life," however, theme and symbolism hang more heavily over the work, to worry the viewer into more literal and particular interpretation. The theme was set, after all, and the artists chose to take it up. This would not matter too much if the overall selection of the show had been tougher, or seemed at least less miscellaneous – surely possible with an open submission of some 1100 that was whittled down to 21 artists, with seven more invited hors concours.

As it is, expectations of profound and particular engagement with the theme are raised, only to be disappointed. The enjoyment lies rather in individual works, which are pretty well what the artist would have done anyway, whether they advance the theme or not – the David Nash ladder, John Virtue's multiple drawing, John Hubbard's treescape, Eileen Cooper's anthropomorphic symbolism. Bill Woodrow's tiny tree sprung from an pair of scales is as witty as anything he has done, but hardly profound. It is left to the essays in the catalogue, one of Common Ground's admirable publications, to give the theme a fuller consideration.

Sharing the space at the Crafts Council Gallery is a small retrospective show of wooden objects by Jim Partridge, ranging from tiny turned pots and bowls to deceptively rough-hewn chairs. His work is wonderfully physical in its weight and presence, emphatic in its celebration of wood as wood, his pots black as night when they have been charred and waxed, bright and fresh in the clear new wood. That ever-present sculptural quality has lately become particular and overt: his thrones and benches now as ambiguous and resonant in the landscape as fallen trees. His show is not to tour, but "Out of the Wood" will carry examples of his work.



Three flattened bowls by Jim Partridge from the Out of the Wood exhibition

Heavenly Choirs

***Roderic Dunnett** on a festival that is rich in history*

"ASSUREDLY more slovenly singing we have rarely heard within the walls of a Cathedral." Not a criticism of this year's efforts at Gloucester, but a view by *The Musical Times* of 1874 on the renownedly chaotic conducting of the great Samuel Sebastian Wesley, who was organist of first Hereford then Gloucester Cathedrals during the mid-19th century.

The Three Choirs Festival, which claims a special status as the oldest such event in Europe (or worldwide) was originally designated as "A Musick Meeting, held at each of the three cathedral cities for the purpose of enjoying the Pleasures of Harmonie." By the earliest known record in 1723, when tickets "could be had at Mr John Hunt's, Booksellers & at Mr Forde's at the Redstreak Tree, Hereford," the gathering had apparently been in existence for some seasons already. Stewards guaranteed it against loss, and profits from collections were set aside for the benefit of clergy widows and orphans who, according to the accounts of 1772, received £511 from a total takings of £781 15s and 9d.

Boyce was an early visitor, Handel a much-featured composer and George III accorded it Royal status with his progress to Worcester in 1788. By 1856 a chorus of 300, drawn from the counties, had given the event its present look. Queen Victoria became patron, "Elijah" and "The Messiah" were featured annually, the tenor Edward Lloyd was the first Gerontius. Parry (who figures prominently this year) was an habitue, Saint-Saens visited, Vaughan Williams's first premier was in 1910. The present Emeritus of the Festival, Gloucester's former organist Herbert Sumsion, succeeded in 1928 while Elgar was still much in evidence.

This is a history that Directors of the Festival ignore at their peril. At a time when the cities themselves are sometimes being hacked around and "modernised" to the obvious detriment of their heritage any case for attacking this jealously conserved musical tradition is questionable. John Sanders, this year's Musical Director, speaks confidently of the event's unique menu:

"We wouldn't want to present ourselves as another Edinburgh. This is probably – apart, maybe, from Norwich – the only Festival still to base itself on the large Choral work. This choral tradition lies at the heart of amateur music making and is something which doesn't need importing: all these voices come from here on our doorstep. What future the genre has one can't say: but at present it thrives here."

This "home-grown" character is something the visitor, faced with the vast banks of chorus seats in the nave, can scarcely miss. Christian Wilson, the outgoing Gloucester Secretary, and his successor Anthony Boden, a successful biographer, care about this aspect passionately:

"Our task as administrators, and that of the Musical Directors (the three Cathedral Organists) is to build on existing foundations – reiterating still valid principles on which the event has developed. These are, to maintain a core tradition, notably Elgar, whose "Kingdom" and "Caractacus" are featured this year, to commission new works – usually British: Philip Lane, Douglas Young, Elis Tehkonen and John Rutter are among those currently featured – and to ensure that recent works received subsequent performances."

On the last, Anthony Boden feels particularly strongly, recognising the frustration of artists who suffer from "one performance" works, shunted into drawers for years thereafter. "One remembers the problems Elgar faced early on in finding a platform for his efforts: he found it here." John Sanders's thoughtful revival of Gerard Schurmann's "Piers Plowman" earlier this week was a worthwhile case in point.

When the history of the Festival, first published in 1908, is updated shortly, one development that cannot be ignored is The Fringe. Initiated by Worcester and originally supplying the odd extra concert (like the Gloucestershire Youth Orchestra, nowadays a valued part of the Festival proper) the Gloucester Fringe's image has been freshened by the energetic Peter Wallace and now covers a broad range of offerings from local poets, artists, composers' ensembles, jazz groups and African dance troupes. There is a lacemaking exhibition, a play writing competition and a quartet masterclass. Extra venues such as the Kings Theatre have been pressed into service.

Quality is variable, but the vigour and obvious merits of such an approach are undeniable. Finance, as always, remains a headache and subsidies are always perilous. A permanent Endowment Fund covering all three venues, an idea floated at Worcester in 1987, is now a major priority for this Festival, whose annual outlay is around £250,000. If an additional similar figure can be raised the event will be cushioned financially, its long tradition of commissioning guaranteed and facilities upgraded.

ARTS

A monumental Othello

Michael Coveney hails a brilliant production by the RSC

TREVOR NUNN'S temporary return to the Royal Shakespeare Company in Stratford-upon-Avon marks also the closure of The Other Place, the improvised venue where the company renewed itself over a decade ago and where Nunn collaborated with Judi Dench and Ian McKellen on a justly famous *Macbeth*.

The RSC today stands in dire need of a new cleansing initiative. Just how far there is to go is clearly demonstrated by this masterful, full length, four-hour production of *Othello*. The Jamaican-born American operatic bass Willard White, Nunn's Glyndebourne Porgy, is teamed with three RSC star turns of the vintage Nunn years: McKellen as Iago, Zoë Wanamaker as Emilia, and Imogen Stubbs as Desdemona.

In a curious interview the other day, Nunn seemed to be renouncing the old RSC verse-speaking values. We know that everyone else in the company did this years ago, but it still came as a shock. I think what has happened with *Othello*, the tautest, most domestic and most conversational of the tragedies, is that the actors have been encouraged to speak the verse as prose and the prose as mere sentences. Although there are (far too many) garbles and inaudibilities, the play sounds as if it is being new-minted as it goes along. It has never in my experience sounded so fresh, vital, colourful and sinewy.

Maybe Nunn is pointing the way for his old chums to start a breaking-down process in Shakespeare before building up a new tradition. Willard White has the lungs, but not the slightest inclination towards rhetoric. His velvety rich voice lies many fathoms deep, but he neither sings nor intones. He conveys a sense of an honest man brought low by tragic flaw, and the physical consequences are frightening. "Naked in bed, Iago, and not mean harm?" is the wondering *query of a child-like innocent* abroad.

Abroad in this case is a Cyprus redolent of the Deep South during the American Civil War. It is a brilliant transposition, as carefully and as unpretentiously worked as was Nunn's last Stratford Shakespeare, *All's Well*, in the Crimean. The sunlit garrisoned outpost is designed by Bob Crowley to reflect a heat-crazed province where the aberrant army-sponsored machinations of Iago may thrive unchecked.

The upper level of the verandah-style station is a wall of slatted (Venetian?) blinds through which White peers in dismay at the gulling of Cassio. I have never understood why Iago is thought to be without motive in his malice. McKellen re-defines the areas of jealousy *in the play by being himself* gnawed up with it. His suburban rapacity for promotion is almost a comic symptom, a vaudevillian impression enhanced by his Führer-style moustache and railway porter's cap. He frames Cassio (a headlong, energetic performance by Sean Baker) with the practised expertise of a fly fisherman on a hot streak.

This sequence is of especial interest and originality in the staging. The soldiers lie horizontal on camp beds with their regulation issue grey blankets. The drinking party is supervised at a shaving stand, where McKellen dumps several litres of Lambrusco in the basin and gives it a lethal swirl of the hard stuff. The barrack room escapade of tin mugs and yowling climaxes with the master operator noting the net that shall enmesh them all, and Cassio vomiting in the corner.

Attendant on these japes in different modes of desperation are Michael Grandage's finely judged, non-buffoonish Roderigo, and the slow-burning, sickly sad Emilia of Zoë Wanamaker. The interval is taken as the incriminating handkerchief is dropped; this new caesura in the action lends a redoubled force to Iago's psychotically repulsive gesture of affection towards his wife. His barbaric embrace of gratitude is surely not what Emilia is after. She is now reduced to appeasing his lunatic political fantasies.

This definitive, defeated performance by Wanamaker is the perfect foil to Imogen Stubbs's young bride with the Rapunzel hair. Once McKellen has trapped White in their Faustian pact ("Now art thou my lieutenant" is greeted with a momentous clasp of hands, both actors kneeling), the other ideal marriage is doomed.

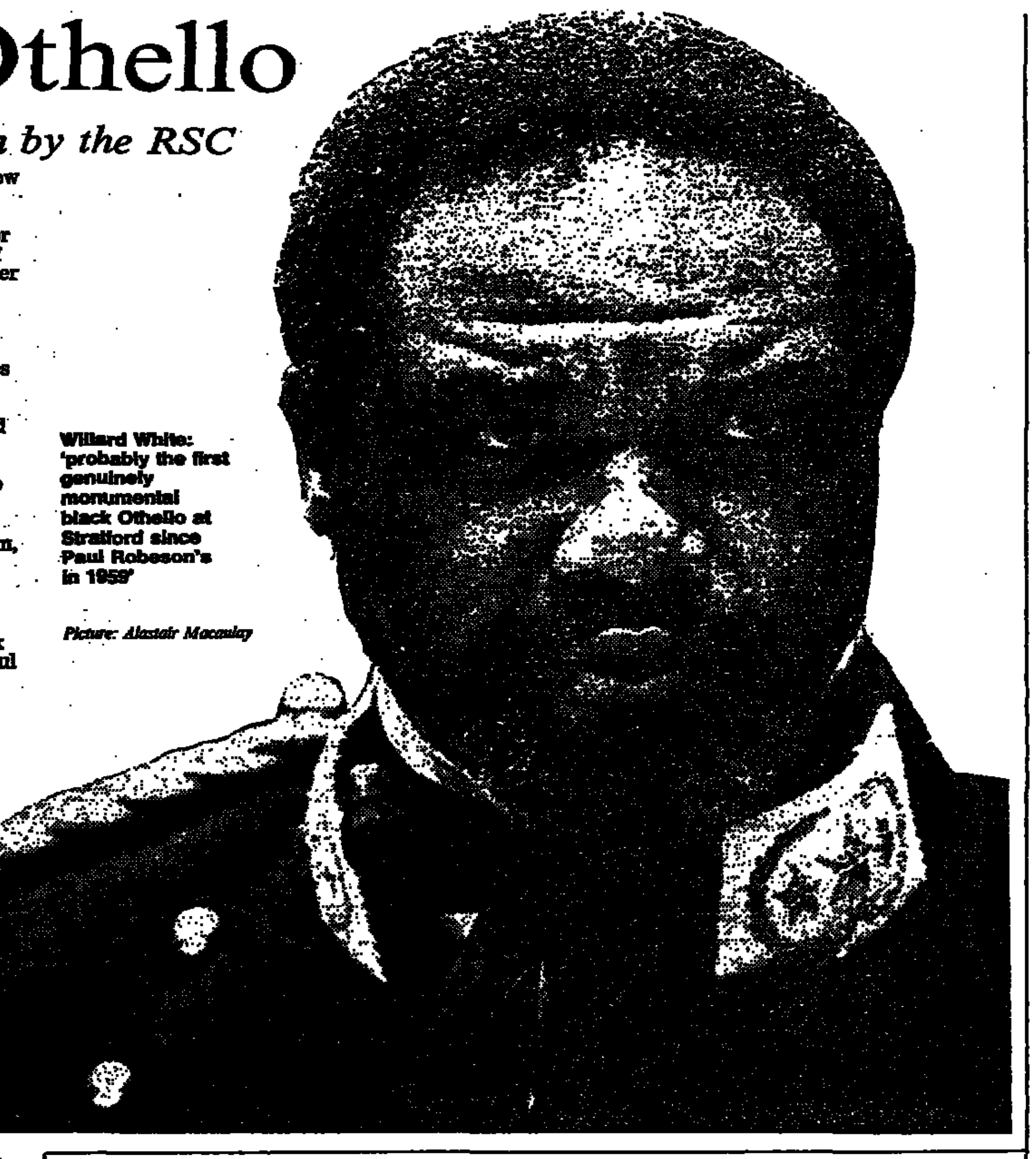
The murder on a steel four-poster has the steamy exhalation of both sexual release and death, these final scenes almost unbearably moving at such close quarters. You hear the rustle of hair and corset as Desdemona is unpinned; she sings the willow song in bluesy snatches, as if tutored in them by her husband; the panic and terror of impending death is that of a real bedroom in a newspaper story where violence has unaccountably bubbled up; the final coupling is more voyeuristic meat to Iago, on whose pallid, puzzled features the light at last fades.

I thought the Clown had *gone, but his lines are shared* by two soldiers. Clive Swift doubles Brabantio and Gratiano, father and uncle to Desdemona. The Venetian senate assembles on Persian carpets in a smoke-filled room, the high-buttoned Prussian tunics eliding later with the American military jackets.

White is probably the first genuinely monumental black Othello at Stratford since Paul Robeson's in 1959. A penny for the thoughts, then, of Robeson's Iago, Sam Wanamaker, who took time out on Thursday night from founding his Globe Theatre in Southwark to watch daughter Zoë in what is surely destined to become another historic production. All Stratford performances are sold out, but a six-week London season opens at the Young Vic on September 29, and there are plans to make a television film thereafter.

*

Before Thursday night's opening we were invited to inspect Michael Reardon's model for the New Other Place, to be ready on an adjacent site in two years time. It is a premeditated attempt to *re-invent The Other Place with* 50 extra seats, a higher roof and more ventilation. The architect reckons the shell resembles a Welsh Methodist Chapel. Let us pray that the searching, unstuffy style of production pioneered in the original, accidental venue is not clumsily transplanted, but transmuted to the new arena and beyond, throughout the RSC. This *Othello* lays down the challenge.



Willard White: 'probably the first genuinely monumental black Othello at Stratford since Paul Robeson's in 1959'

Picture: Alastair Macaulay

Notes on Enlightenment

ONLY TWO years separated a certain revolution across the Channel and the death of Mozart, whose bicentenary is thus due to be commemorated in 1991. It is a connection of more than chronology alone, for the spirit of equality and brotherhood, about which we have heard so much this year, looms large in the last of Mozart's operas, *The Magic Flute*.

No doubt there will be countless new productions of this favourite Singspiel over the next two years, but in the meantime English National Opera have chosen to open their 1989-90 season at the Coliseum with a revival of their staging by Nicholas Hytner. This sees *The Magic Flute* above all as an opera of the Enlightenment and has sought to translate its spirit into the equivalent political and social climate of the 1980s.

Where the opera itself lets us down, by allowing racist or sexist thoughts to slip in amid the high moral tone, Hytner has reversed events to let Enlightenment regain the upper hand: a black Tamino stands victor over a white Monostatos, the woman Pamina leads the man Tamino through the trials. The work's intellectual core is expertly managed and it is thus a greater shame that its humour and fantasy are not treated half as deftly.

There is a world of warmth, of untroubled humanity, of wide-eyed innocence in this opera, at which the production works hard; but it is just not the same if the feelings do not come naturally. The tone of the lighter scenes often jars and this revival is fortunate to have Alan Opie as an experienced and down-to-earth Papageno, sure to get the laughs when they are needed, and Penelope Walmsley's Queen of Night, who offers vocal brilliance to make up for the lack of visual magic.

Neither of the leading pair sounded entirely happy in the early part of the evening, though both Thomas Randle's Tamino and Cathryn Pope's Pamina had settled into better vocal shape by the end. Over all there was a lack of evenly produced, well-focused Mozart ian singing, and one is more inclined to welcome John Connell's benevolent Sarastro, Richard Van Allan's dignified Speaker and Geoffrey Pogson's chilling Monostatos for theatrical rather than musical reasons.

Lothar Zagrosek made his ENO debut in the pit, a sensible and well-judged big-house Mozart performance, free from pomposity, lyrical, unexaggerated, moving well once past an Overture that flagged unpromisingly. The work of the chorus boded well for the forthcoming season. Otherwise it was a fairly modest start, a *Flute* without any specific and memorable distinction.

Richard Fairman

Edinburgh Festival

Pilgrim's progress as told in words of fire

WITH A showmanship that extends to the coincidence of his first night with the festival *fireworks display, Alan Bates* enters the Edinburgh fringe in *A Muse of Fire*. His timing was, as always, impeccable, enabling his sponsors, Glenmorangie, to woo first-nighters away to their reception before the hurdles were strung across Princes Street for the larger-scale pyrotechnics backed by Glenlivet.

A Muse of Fire, developed from a presentation at Salisbury Cathedral last Autumn, is a curious beast – a compilation of writings from sources as diverse as John Donne and the nuclear scientist Leo Szilard, *strung together to form* an ecological pilgrim's progress, from the beginning to within a flame's lick of the end, with sundry diversions along the way.

It is curious in belonging to a small and select band of unashamedly literary programmes with the capacity to fire the popular imagination (it runs a close third on the Assembly Rooms' books to Emo Philips and the Joan Collins Fan Club, but these are early days). While one would be hard pressed to find a more diverse audience, the nature of the fringe is such that one would also be pushed to find more than a handful who knew where Masamane ended and Michelangelo began.

From the excited chatter in a queue which seemed to stretch halfway to Glasgow (the unreserved seating makes this a democratic affair), it was clear that the draw for most was Bates himself, and one can only admire the holding power of the man. A dapper figure, expensively framed by a set (Joe Vanek) that seems to owe its inspiration to the insides of an astrolabe, he plunges through poetry and prose, with a special knack for the wordly *journalism of Samuel Pepys*.

Gerard Hastings and John Dove have compiled and directed a programme which is as much about the pride and perils of human inventiveness as it is about the element that powered so many of those inventions. It is a thoughtful and intelligent selection which is clearly set to rise again long after the ashes of this year's festival have been raked over.

The less charitable among us might be tempted to say that Bates' producers are cashing in on a received wisdom of the fringe, that the smaller an operation, the easier one's relationship with one's bank manager. The solo show blooms – occasionally, like Bob Kingdom's estimable Dylan Thomas programme, now redirected by Anthony Hopkins, for several years on the trot.

While one regrets the confining effect this has on the theatrical imagination there are occasions when the virtue is more apparent than the necessity. One such is the eccentrically titled *The Ugly Noo Noo*, which comes to the Traverse in a joint presentation by the Market and Mouthpeace Theatres.

This imaginative one-hander uses a fable about the Park-town prawn, an insect with "specist" urges, to tell a few home truths about political oppression. Humanity, we *learn, has been confined to bot*tles beneath the earth, while paramilitary creepy-crawlies patrol the surface, using chickens as agents to root out subversive members of the outlawed Creatures Community Congress. All these and more are gleefully conjured by one man, Andrew Buckland, in a few bare yards of stage.

Buckland is an energetic and accomplished mime and a witty writer who uses laughter to score wholly serious points. It would be interesting to see what he could do with a more expansive space and material.

Lastly, a word for a piece which was reviewed in these pages by Michael Coveney on its first appearance last year under the mantle of Foco Novo. The programme for *Savannah Bay*, a wistful two-hander at the Assembly Rooms, lists a distinguished line-up of supporters who have made the revival possible – and it is well worth the trouble. Alexandra Mathie and the wonderful Faith Brook revisit the roles of an ageing but still beautiful actress and her inquisitive grand-daughter, whose questioning acts as a conduit for memories about the suicide of a beloved daughter shortly after giving birth.

Marguerite Duras' play, in translation by Barbara Bray, has a poetic depth that holds its audience rapt for a full 90 minutes as the mists of memory eddy and clear. The two generations stand together at the intersection of reality and fantasy, of particular grief and a general sorrow for the suffering of all women who love not wisely but too well.

Claire Armitstead on a solo performance by Alan Bates, and other choice Fringe productions

Records

Marvellous Mravinsky

Shostakovich Eighth Symphony. Leningrad Philharmonic Orchestra/Yevgeny Mravinsky. Philips 422 442-2 (one CD)
Shostakovich Eighth Symphony. Chicago Symphony Orchestra/Georg Solti. Decca 425 675-2 (one CD).
Mahler Fifth Symphony. Berlin Philharmonic Orchestra/Bernard Haitink. Philips 422 355-2 (one CD)
Mahler Fifth Symphony. Cleveland Orchestra/Christoph von Dohnányi. Decca 425 438-2 (one CD)

YEVGENY MRAVINSKY, chief conductor of the Leningrad Philharmonic from 1938 until his retirement in the early 1980s, gave the first performances of five Shostakovich symphonies – nos 5, 6, 8, 9, and 10. The Eighth (1943) was dedicated to him, and is probably the single work with which he was most closely associated; here in Britain there are people who still recall with awe his Festival Hall Eighth, given during the 1960 Leningrad Philharmonic tour of Western Europe.

It is noteworthy that Mravinsky's high reputation was sustained internationally in spite of the fact that he so seldom conducted outside Russia – this was made sufficiently clear at the time of his death (last year, at the age of 85), by the number of obituaries in which he was ranked among the century's great conductors. He made few records, but fine ones; I myself, who never heard Mravinsky in the flesh, got to know of his outstanding qualities as orchestral master and musician via the Leningrad set of the final three Chaikovsky symphonies which DG issued many years ago.

As a kind of Mravinsky memorial, Philips have now published a 1982 recording of the Shostakovich Eighth (taken "live," and with reverberant presence, during a Leningrad concert). It is a magnificently searing account of the work, and will help to keep the conductor's reputation alive for a long while to come.

The Eighth is surely the most powerful of the composer's "war symphonies," and certainly the most complex, subtle, and demanding – Shostakovich, of all the important 20th-century symphonists, was perhaps the most extreme in his alternation of violent and melancholy moods and emotions, bleakness and thunderousness of orchestral sound. It is a difficult work to sustain: two long, predominantly bare-textured movements laden with numbed grief, two frenziedly ironic march-rhythm scherzos between them, and a final question-mark Allegretto (a movement, much criticised in the past for its enigmatic irresoluteness, which seems to me one of Shostakovich's most original inventions).

I have never heard the Eighth more surely integrated, with greater cogency and singleness of purpose, than on this Philips CD. It is not just that the Leningrad players charge into it with matchless corporate fire and vividness, strength and character – most of Mravinsky's tempos are on the fast side of Shostakovich's metronome marks, and in the second scherzo this tests the articulatory skills of brass and wind choirs to the limit, yet discipline is unbreakable, and the effect is honestly electrifying. The symphony's most personal inventions are re-created with a marvellous intensity of colour and detail: the sound of the orchestra and the meaning of the music become one.

But what raises this performance to the heights is the conductor's ability to combine dramatic energy with symphonic breadth. The structure of the work holds taut because Mravinsky sees and directs it whole. The work is transmitted in what feels like a single unfolding line of thought and emotion: at once draining and elating to experience.

By coincidence, Decca have released another "live" Eighth – Solti's, recorded in Orchestra Hall, Chicago, last February, and speedily issued to herald the Chicago Symphony's current European tour. This is another of the world's enduring conductor-orchestra partnerships of front rank, and the distinction of the playing shows in countless firmly forged phrases and paragraphs (the recording is dryer than the Philips, but overall balance is more successful). Solti's command of tempo movement and rhythmic underpinning is particularly to be appreciated in the opening Adagio, which convincingly pursues its course in slow, weary steps (Solti's timing for the whole work is four minutes slower than Mravinsky's – a small but telling difference).

Altogether, however, the Chicago performance seems studied, not lived-in, by comparison with the Leningrad. The players do not communicate the same once-in-a-lifetime urgency; the succession of movements does not exert the same iron grip on the listener. It is an impressive account of the work, and it augurs well for the Festival Hall Shostakovich Eighth by the same forces next month. But Mravinsky's is utterly tremendous.

Two recent Mahler Fifths afford similar instructive comparisons. Haitink is in the process of recording his second Mahler cycle on records, this time with the great Berlin orchestra. The Fifth is a work *he has "lived"* deeply and long, and he has persuaded them to play it with magisterial spaciousness and amplitude of melodic line, depth and concentration of texture. This is, I think, a more dark-hued, sombre-spirited performance of the symphony than Haitink used to conduct, not so much agonised as inwardly lacerated in funeral-march moods, and holding the exuberance of later movements a little at arm's length. While one listens one is entirely absorbed and persuaded, for it is a reading of immense authority and beauty of sound; a little while later, one begins to question whether or not the full range of the symphony has been spanned.

Haitink is, nevertheless, a good deal more immediately "taking" than Dohnányi. This is a disappointment – a much-admired conductor, an orchestra recently revivified to greatness under his musical directorship, and a view of the work, probably intended as a corrective, which takes avoidance of sentimentality to an un-Mahlerian extreme. It is all strangely cut-and-dried. As in every Dohnányi performance, the lines of musical thought are delineated with impressive clarity and firmness; but there is a serious lack of the bittersweetly ironic and nostalgic inflexions which supply Mahler's symphonic structures with their emotional lifeblood. In this composer's music such expressive features are not optional.

Max Loppert

Radio

Lee gets a vote of approval

The most enjoyable work I ever did was reporting in Parliament's press gallery. Churchill and Eden were on the Government front bench then, on the other side there was Nye Bevan, and I could look down and see Attlee making doodles on his order paper. *The House* (Radio 4, Saturday, repeated Monday) may not provide exactly the same excitement, for it promises to be lobby, as much as press gallery, material. Its author, Christopher Lee, was two years in the lobby before becoming the BBC's defence correspondent, so we can hope for eight weeks' plausible invention.

The Government has been re-elected with a majority of four (yes, that will do); but as Charles Bannister, the Chief Whip (Julian Glover), tells Brian Redhead (Brian Redhead) on the radio, the Government still represents the people's will (yes, yes). Charles's wife (Sarah Badel) has just written a novel, his colleague Dougal Baxter (Timothy White) confides his belief that the Prime Minister, "the Sheriff" as they call him/her, is losing touch. Dougal has just been moved from Defence to the Home Office for his disloyalty, so perhaps he's right.

Also on the touchlines are Henry Colville (Christopher Benjamin), a mature Tory backbencher, Denis Wigton (David Ryall), the Beast of Somewhere, and glamorous Juliet Cameron (Siobhan Richmond), newly elected to the Opposition benches. Anything may happen. I can't wait to hear the rest of it.

Preparing us, perhaps, for the debates in *The House*, Radio 3 is giving eight programmes on the origin of speech, *The Birth of Babel*. They are presented by Colin Tudge, a good presenter of science programmes who never condescends, however hard his material. The first programme, on Sunday, dealt with first principles. Before *homo sapiens*, the throat was the wrong shape. Neanderthal man had no speech – but wait, they may have had burial ceremonies. Discrete patterns of tools, such as the Cro-magnons used, suggest speech of some sort.

Once language was possible, all primitive languages had such concepts in common as "one, I, you, nose, water." Professor Derek Bickerton, in a programme on pidgin and creole talk, reckons that we have an instinct for making sentences. Professor Joseph Greenberg believes that there may have been an original universal language, and traces all languages back to such origins as Indo-European, then further if he can. But as Professor Liebermann said, language and speech are not the same. There must also be a capacity to decode the sounds. More of these programmes next week; worth a diary-note.

Advanced science was represented on Radio 4 on Monday by *The Litmus Test* from Edinburgh. Chaired by Michael Scott, four Scots scientists took part in a quiz which seemed to depend more on memory than knowledge. Well, it was fun in its way. You know how funny professors can be.

I was keen to hear Jamaican Nigel Moffat's play *Lame Ducks*, for his last piece won a Giles Cooper award. This one (Radio 3, Tuesday) is a still life. Sam (Norman Beaton) was a policeman in Jamaica, but in the British Midlands has settled down to a retired life with his Genieve (Mona Hammond). She has a job and looks after the house too, but Sam is content to criticise the world ("thieves, pimps, street-walkers") from his bedroom.

He has one friend, Arthur, a young Jamaican (Brian Bovell) serving in the police. Arthur had a white girl, Sylvia, who told her critics that he "was only slightly brown," and he found himself a superior substitute, Judy. Genieve thought for a while of going away with her boss, Paul, but changed her mind. The events are almost all recorded in conversation, in the pleasant, musical Jamaican talk, and they end optimistically. It was good to listen to, but too consistently level emotionally. Philip Martin directed.

B. A. Young

CHESS No. 787
1 Qh5. If Kd5 2 Qf5 Kd4 3 Qd3 mate. If 1 ... d5 2 Qh1 e4 3 QaI. If 1 ... e4 2 Qa5 e4 3 QaI. If 1 ... Ke4 2 Qg4+ Kd5 3 Qc4.

SPORT

It's the biggest, richest - and noisiest!

John Barrett previews the US Open tennis championships where Chris Evert will take her final bow

ALTHOUGH it may not be the most prestigious tennis tournament in the world - Wimbledon is universally accorded that title - the 109th US Open Championships, which begin in New York on Monday, can certainly claim to be the biggest, the richest and, regrettably, the noisiest.

When I flew into La Guardia on Thursday, our jet circled Manhattan and swooped low over the courts at Flushing Meadow, disturbing the concentration of the men and women qualifiers as they struggled to fill the last 16 places in the two singles draws of 128.

The successful ones will be vieing with the world's best players from 30 countries for the record prize money of $5,124,000, an increase of 17 per cent over last year. The two singles champions will each receive $300,000 (up from $275,000), the biggest prizes in the game.

It is a sore point with the Association of Tennis Professionals that men and women are rewarded equally here. The men's union argue, with some justification, that their members play over the best of five sets rather than three and should therefore receive a greater share - as they do at the other three Grand Slam championships.

The ATP also point out, quite accurately, that the standard among the lower-ranked women cannot compare with that of the men.

Not surprisingly, a survey conducted at last year's Wimbledon showed that an overwhelming number of spectators prefer to watch men's matches. The same is true among American fans.

However, there is one lady who is certain to excite as much interest as any of the men. Chris Evert, now 34, has announced that this will be her last serious tennis tournament.

The six-times former champion has cast a long shadow over these championships, which she last won in 1982. In 18 appearances, her metromimic accuracy has won her 97 of the 109 singles matches she has contested. She has been seeded No.1 seven times, a record.

Now she has at last admitted that, after 20 years on the circuit, she can no longer face the daily practice grind. And why should she? Happily married to skier Andy Mill, Chris has more money than she can ever spend (almost $9m from prize money alone) and is talking of starting a family.

I so well remember the first US Open appearance of this remarkably consistent champion. In 1971, on the erratic grass courts at Forest Hills, which did not suit her baseline game as well as the clay courts of Florida on which she had learned her tennis under the watchful eye of her father, Jimmy, the slim 16-year-old became the youngest semi-finalist in the tournament's history.

She saved six match points before beating Mary Ann Eisel, and used the drop-shot with great discretion to dismiss Lesley Hunt and Francoise Durr before Billie Jean King ended her dramatic run. We all made comparisons with the late Maureen Connolly.

Chris's career blossomed, as we knew it would, and as she relentlessly gathered her major titles along the way - seven in France, six in New York, three at Wimbledon and two in Melbourne - she never lost the charm and dignity that have earned her such universal respect.

The fact that she is now unlikely to add to those 18 Grand Slam titles that put her in third place behind Margaret Court (24) and Helen Wills Moody (19), hardly matters. Chris Evert has already earned an important place in the game's history.

Seeded No.4, Chris is unlikely to go out in a blaze of glory. There are difficulties all the way. In round two she is likely to face Lori McNeil, who ended her chances two years ago. In the fourth round she is due to face the remarkable 15-year-old Yugoslav Monica Seles, the youngest player in the women's draw. (Coincidentally the youngest male is her compatriot, Goran Ivanisavic, who is 16).

This slim slugger, whose forehand is the fastest shot in women's tennis, pushed world champion Steffi Graf to three exhausting sets in the semi-finals of the French Open on clay. It remains to be seen how she performs @on cement where the ball bounces so much higher.

Ahead lies either Zina Garrison (seeded 5) or Hana Mandlikova (16), and in a prospective semi-final, Martina Navritilova, who seems to have a smooth path to that stage. How appropriate it would be if it were her old friend who ended her US Open career.

With an easy draw, Miss Graf seems likely to add to her fast-growing tally of Grand Slam titles - seven to date. She will be glad that her prospective semi-final opponent, Gabriela Sabatini, seeded No 3, who gave her such a hard battle in the final last year upon which rested her Grand Slam, is having an indifferent season. Miss Sabatini, in fact, may not get past the young French champion, Arantxa Sanchez, the sixth favourite, who she is due to meet in the quarter-finals.

After his devastating performance against John McEnroe in the final of the Players Ltd Canadian Open last week, Ivan Lendl, the top seed, will be everyone's choice to regain the title that was wrung from his grasp last year by Mats Wilander.

If he reaches the final again, as he should, it will be Lendl's eighth consecutive appearance there and will equal the record of Bill Tilden (1918-25).

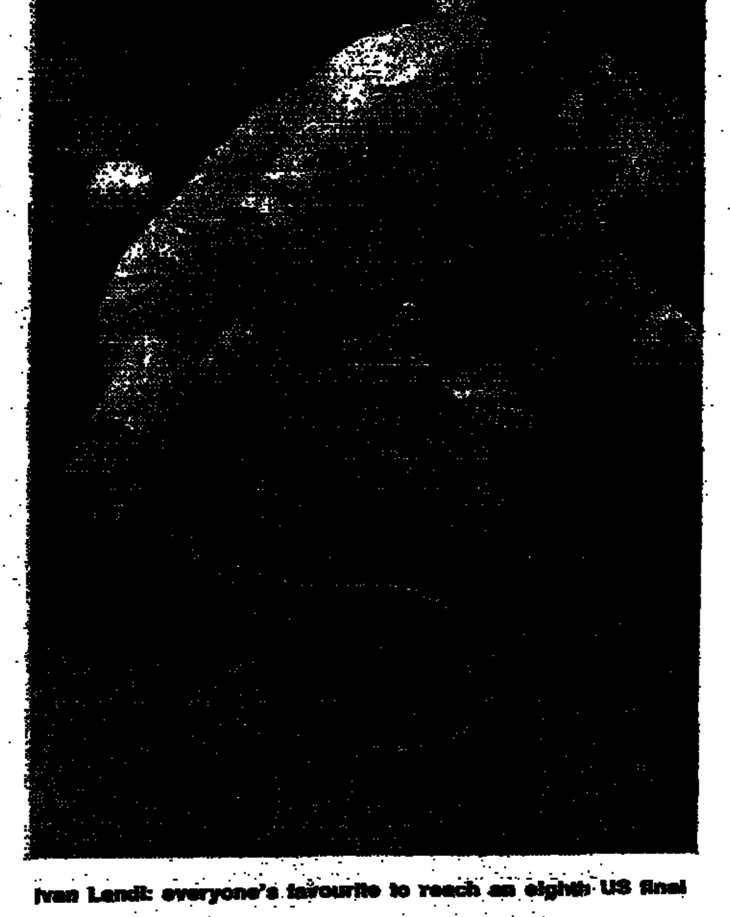
There will be a chance to avenge his surprising loss to Michael Chang, the seventh seed, who he is due to meet in the last eight. Then, in the semi-finals, the seeding draw has cast as his opponent Stefan Edberg (seeded 3) or Andre Agassi (6), who won six tournaments last year when he was a semi-finalist here but who is without a win in 1989.

In the lower half, Wimbledon champion Boris Becker (2) has a tough early draw, and in the quarter-finals is due to face, once again, Brad Gilbert (8).

The Californian Davis Cup player did not face Becker in the recent tie when West Germany beat the US, but he did win both his singles rubbers (the second a dead one). However, he did beat Boris two weeks ago and holds a 4-1 lifetime record against him. Gilbert has now won his last three tournaments and is the chief American hope outside McEnroe (4) who might well emerge to the semi-finals at the top of the lower half.

There are enough interesting new players to make this a memorable meeting. Unfortunately, too many of them have developed the grunting habit.

Yes, even without the jets, this will surely be the noisiest US Open of modern times.



Ivan Lendl: everyone's favourite to reach an eighth US final

Cricket

Keep the champagne on ice

This has been a sad season for English cricket. But I am a die-hard optimist, and I think England will be winning Test matches again before long. All they have to do, I told myself when someone I hardly knew gave me a glass of champagne the other day, is pick young, talented players and give them the help, training and encouragement they need to become great players. Wonderful stuff, champagne.

By the time I'd had my second glass, I was telling everyone about Peter May going to see his supervisor at Cambridge University in 1951, explaining, apologetically, that he could not write his next essay because England's cricket selectors had chosen him to play in the next Test.

He was one of four Cambridge undergraduates chosen for that match, the Fourth Test against South Africa, which England won. At the time May had already been on Surrey's playing staff for a year. Nowadays we play, watch and worry about cricket in a different world.

My sobriety the next morning brought the obvious questions: Where are all these young hopefuls to be found nowadays, with far more competing sports to attract them at school?

What English schoolboy is going to play an old-fashioned, loser's game like cricket when he can play basketball, football, badminton or a host of other games without having to go miles in search of a usable cricket pitch?

If good young players can be found, where is the help, training and encouragement to come from?

Morning also helped me remember that May was out for a duck first ball in his first Test match.

I decided to consult Ian Greig who, like his brother Tony, likes fighting trouble and reckons he has the answers for English cricket. He has freckles on his nose, and so have I, but that is not as important as the fact that he is captain of a Surrey team which needed strong leadership when he took it over in 1987.

The atmosphere was moody and uncertain, and the players as well as administrative staff, and Geoff Arnold's appointment as coach had given so much impetus to Micky Stewart's policy of talent-spotting and coaching young hopefuls that it was in danger of running itself out of steam before it had established solid foundations.

Tailor-made for a Greig. Arnold imported Ian Greig from Australia in the winter of 1986, with the specific task of getting rid of the dead wood and building up a new team to restore the club to the glories it had known in the 1950s.

Surrey won the county championship every year from 1952 to 1957. The 50s are not many peoples' idea of a glamorous decade, but for Surrey they were dazzling, especially after nearly 40 much less successful years.

Stewart Surridge worked the oracle then. The first thing he did when they made him captain in 1952 was tell them that Surrey would win the county championship for the next five years. They smiled; the smiles of those who had been through the Blitz and said: It was nice to see a bit of enthusiasm.

"It's not nice," Greig, born well after the Blitz, told me. "It's bloody essential. "England need to show some spirit. English Test cricket is no more than English county cricket. If the counties have the players, England have the players. All they need to do is pick them."

At this point we exchanged wry smiles. We were sitting in the sunshine at Leicester, watching the Bicknell brothers and other examples of young Surrey talent pull off a difficult victory, unexpected by everyone except Greig, on an unreliable pitch. It made it hard to argue with him.

There is a disused factory near Leicester's Grace Road ground, still advertising itself in faded paint as the International Corset Factory. There is nothing faded about Greig's advertising. Sometimes it almost sounds like a mechanical slogan system, brainwashing its listener. "Think young. Think local. It's there if you want it. Think young . . ."

Greig's Surrey team is full of young, home-grown produce from the streets of Farnham, Clapham, Guildford, Whitechapel, Barking and other such hot-spots.

The produce is grown intensively, not organically, in cricket centres like the giant Ken Barrington one at The Oval, thanks to generous private and commercial sponsorship. The produce is sprayed with compulsory team spirit and cheerfulness, then picked and packed for winter courses, league matches and coaching while it is still young.

To my surprise, Nescafé provides most of the money.

This is the age of Foster's Oval; Greig is Surrey's marketing executive in the winter months and says he doesn't know The Oval, only Foster's Oval.

Jargon and glitzy sub-language is part of the price to pay for getting queues of schoolboy West Indian fast bowlers at the doors of the sports centres for a turn in the nets. The youth scheme is never short of volunteers for its projects. Surrey has a long tradition of encouraging young cricket; now it has a dynamic one.

Being a South African, Greig regards most counties' stand-and-wait policy as a kind of cricketing Aids, which has infected English cricket and brought it to the desperate state it is in today.

By now it was late morning. Mark Feltham, Chris Bullen, Nick Peters, James Boiling, Martin Bicknell, Alec Stewart and Graham Thorpe were walking past, eating bars of chocolate, keen to tell everybody how keen they were on cricket and what fun it was going on youth tours abroad. They, like their captain, were extremely nice. But all this cheerfulness and enthusiasm was just a bit much, and I felt it was time to make trouble.

"What about the fact that Surrey had come fourth, not top, of the county championship the last two years? "You have to sacrifice a few years of the present to build a brilliant future. England shouldn't mind; they haven't got much to sacrifice."

"What about the negative side of team spirit under this sort of strong regime. Sylvester Clarke and Jack Richards for instance? "Things are happier since they left; a team is more important than the people in it."

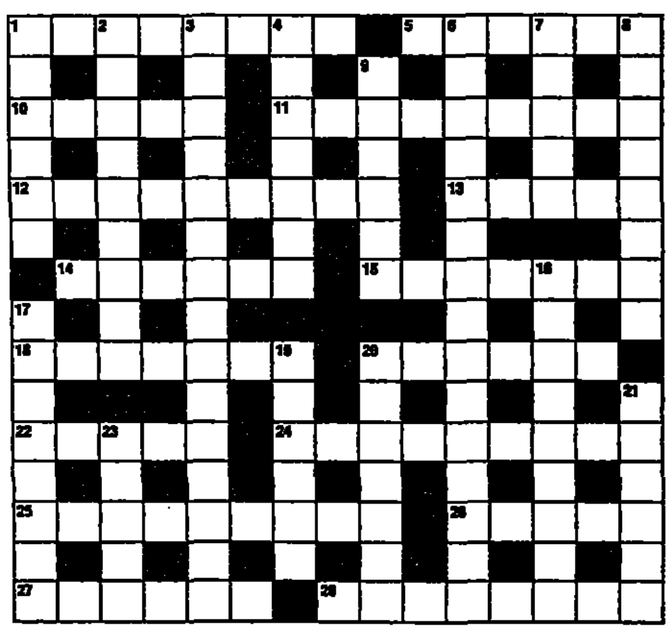
So what happens to Surrey when the whole Test team is made up of Surrey players? Surrey, you will be amazed to hear, have a brilliant young second XI . . . swop in and out of the first team all the time. Greig is certain that, in a few years' time, England's test team will be sporting five Surrey players: the Bicknell brothers, Thorpe, Stewart and Medlycott. He might be right.

Teresa McLean

CROSSWORD

No. 7,022 Set by CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday September 6, marked Crossword 7,022 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday September 9.



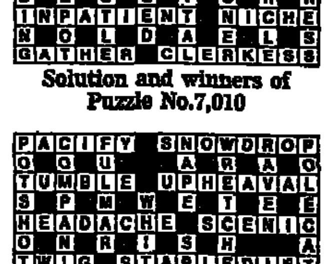
ACROSS

1 Silence about desire to be nagging (8)
5 Fruit supplied in equal quantities after prohibition (6)
10 Disabled compiler entertained by boy (5)
11 Fruit lacking weight gets publicity (9)
12 Bachelor to vocalise to lady-friend (6,3)
13 Bits of Soviet Russia ,may cause sickness (5)
14 Court study, unsuited to the theatre (6)
15 Footballer is out (7)
18 Start of my poem on squalid dwelling shows lack of arrogance (7)
20 Classes of fish? (6)
22 Mountain of cooking? (5)
24 Citadel's first to yield varied soil (9)
25 Distressed about funny ladies getting extra dish (4,5)
26 Tree for man in town hall (5)
27 Vehement abuse of one in business (6)
28 Crosswords aren't so stupid (8)

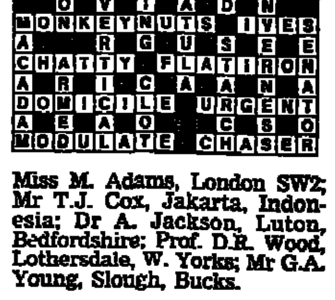
DOWN

1 Publicity from the siphon? (6)
2 Via (5,4)
3 Change sides: did we reply? Not together (6,9)
4 Wise man on his own before day (7)
6 A pair of students get obvious help organised by champion, not together (3,4,3,5)
7 Tool used in Breslau, Germany (5)
8 Creation of beauty shot under winding stair (8)
9 Reparation for what happens at noon? (6)
16 Ken glowed strangely - that's Kent (9)
17 Pain fixed by sophisticates (5,3)
19 Annual agreement on transport (6)
20 Rustled ingredientsa for pastry (7)
21 Very great goddess or god (6)
23 Bottom part in a direct line (5)

Solution to Puzzle No.7,021



Solution and winners of Puzzle No.7,010



Miss M. Adams, London SW2; Mr T.J. Cox, Jakarta, Indonesia; Dr A. Jackson, Luton, Bedfordshire; Prof. D.R. Wood, Lothersdale, W. Yorks; Mr G.A. Young, Slough, Bucks.

TELEVISION & RADIO

SATURDAY

[illegible]

BBC1

[illegible] ...and Carol and Ted and Alice" (1969) with Natalie Wood, Robert Culp, Elliott Gould and Dyan Cannon.

BBC2

2:45 pm Film: "A Man Alone" (1955) with Ray Milland,Mary Murphy,Ward Bond and Raymond Burr. 4:25 The Sky At Night. 4:40 Cricket: Sixth Test (England v Australia from the Oval).

6:10 The Story of Kew Gardens. 6:50 Beethoven:The Salomon Quartet perform Beethoven's String Quartet,Op 18 No 6 on period instruments.

7:30 Newsview. 8:15 The Session. 9:05 Film: "Moving Out" (1982). 10:35 Cricket: Sixth Test (Highlights of today's play at the Oval).

11:05 The Def Leppard Story: Rock of Ages. 12:05-1:40 am Film: "Blood from the Mummy's Tomb" (1971) with Andrew Keir and Valerie Leon.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Ghost Train. 11:30 The Monkees. 12:00 The Chart Show. 1:00 pm ITN News, ITV national weather. 1:05 Local news, weather. 1:10 Saint and Greavsie.

1:40 Sportsmasters. 2:10 Comedy Classic: Nearest and Dearest. 12:40 Film: "The War Lover" (1962) with Steve McQueen,Robert Wagner,Shirley Anne Field and Michael Crawford. 4:45 Results Service.

5:00 ITN News, followed by ITV national weather. 5:05 Local news and weather. 5:10 Film: "Old Yeller" (1957) with Dorothy McGuire,Fess Parker and Tommy Kirk. 6:20 Champion Stockbusters. 7:45 Beadle's Box of Tricks.

8:15 "Murder on the Moon" with Brigitte Nielsen, Jane Lapotaire,Brian Cox and Gerald McRaney. 10:10 ITN News, followed by ITV National Weather. 10:25 Local weather.

A concert for Jacqueline du Pre: Channel 4, 9pm

10:30 League Goals of the Day.

10:45 The Making of War and Remembrance,presented by Robert Mitchum with Jane Seymour. 11:10 The Prince's Trust 1989 Rock Gala. 1:10 am Film: "Women in Love" (1969) with Glenda Jackson,Alan Bates, Oliver Reed and Jennie Linden.

CHANNEL 4

8:00 am Streetwise. 8:30 The Oprah Winfrey Show. 9:15 Sing and Swing. 9:25 Murun Buchstansangur. 9:30 All in a Day's Life. 10:00 This Food Business. 11:20 Film: "The Best Man" (1964) with Henry Fonda and Cliff Robertson.

11:25 pm Movie Museum. 12:40 Dance With Me. 1:10 Film: "The Out-of-Towners" (1970) with Jack Lemmon and Sandy Dennis. 3:00 Channel 4 Racing from Newmarket. 5:05 Brookside Omnibus.

6:00 Five Women Photographers. 6:30 Great British Isles. 7:00 The World This Week. 8:00 A Family at War. 9:00 A Concert for Jacqueline Du Pre. 11:00 All-Night Invisibility: Channel 4 stays on throughout the night to screen five Hollywood films inspired by H. G. Wells' character,starting with "The Invisible Man":

11:25 am "The Invisible Man [illegible]

S4C WALES [illegible]

ANGLIA [illegible]

TSW [illegible]

TVS [illegible]

ULSTER [illegible]

BORDER [illegible]

GRAMPIAN [illegible]

HTV [illegible]

SCOTTISH [illegible]

RADIO [illegible]

BBC RADIO 2 [illegible]

BBC RADIO 3 [illegible]

BBC RADIO 4 [illegible]

SUNDAY

BBC1

8:55 am Playbus. 9:15 Umbrella. 10:00 Film: Jules Verne's "Rocket to the Moon." Burl Ives,Troy Donahue and Terry-Thomas star with Hermione Gingold, Lionel Jeffries, Dennis Price, Stratford Johns, Graham Stark and Jimmy Clitheroe. 11:35 Cartoon. 12:05 Sign Extra. 12:30 Country File. 1:0 News: The High Chaparral.1:50 Cartoon. 2:0 Eastenders.

3:00 Film: "International Velvet" [illegible]

... [illegible] Street.

3:00 "Carry On Up the Jungle" starring Frankie Howerd, Sidney James, Charles Hawtrey, Joan Sims, Terry Scott, Kenneth Connor and Bernard Bresslaw. 4:40 Cartoon Time. 5:00 Wonderful World of Disney. 5:50 All Clued Up. 6:30 ITN News, followed by ITV national weather. 6:35 Local News and Weather. 6:45 The Hymn Makers. 7:15 Home to Roost. 7:45 Goldeneye, starring Charles Dance and Phyllis Logan. 9:45 ITN News followed by ITV National Weather. 10:00 Local Weather

10:50 Local Weather. 10:55 Tales of the [illegible]

BBC2 [illegible]

LONDON [illegible]

CHANNEL 4 [illegible]

S4C WALES [illegible]

ANGLIA [illegible]

BORDER [illegible]

GRAMPIAN [illegible]

HTV [illegible]

SCOTTISH [illegible]

TSW [illegible]

TVS [illegible]

RADIO [illegible]

BBC RADIO 2 [illegible]

BBC RADIO 3 [illegible]

BBC RADIO 4 [illegible]